



Daily Report

China

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General

Further Comments From Foreign Ministry Spokesman

Deng's Health in 'Good State'

OW2804094795 Beijing China Radio International in English to Western North America 0400 GMT 28 Apr 95

[From the "World News" program]

[FBIS Transcribed Text] China is calling for sincere efforts from the United States in settling the mutual application issue in the Sino-U.S. trade negotiations.

At a weekly news briefing in Beijing on Thursday [27 April], Foreign Ministry spokesman Chen Jian said that, with mutual application of the prevailing multilateral trade rules, China and the United States should establish stable and harmonious economic and trade ties.

In response to a question about Deng Xiaoping's health, Chen Jian said that, for an old man in his nineties, Deng Xiaoping's health is generally in a good state.

More on Deng's Health

HK2704130795 Hong Kong Television Broadcasts Limited in English 1200 GMT 27 Apr 95

[From the "News at 8:00" program]

[FBIS Transcribed Text] China is denying reports that ailing leader Deng Xiaoping is close to death. The Foreign Ministry today insisted that Deng's health is generally good, given his age. Diana Yeung reports:

[Begin recording] [Yeung] Amid a fresh spate of speculation about Deng Xiaoping's health, the Chinese Foreign Ministry today repeated an earlier reassurance.

[Foreign Ministry spokesman Chen Jian, speaking in Mandarin] For a 90-year-old, Comrade Xiaoping's physical health is generally good. I do not have any reason to change this characterization.

[Yeung] The statement follows recent reports that Deng's children have canceled overseas trips and are staying in Beijing to be near their father's deathbed. But Chen says he has not heard of such cancellations. Deng's youngest daughter, Deng Rong, reportedly decided not to leave the capital for Tokyo next month for a Sino-Japanese Friendship Association meeting. The group says the event has been canceled. Deng's youngest son, Deng Zhifang, is also understood to have been invited to attend some commercial events in Hong Kong, but is unclear whether he has actually arrived in the territory.

Deng's residence in Beijing appeared to be unguarded today, although two armed soldiers were spotted outside last night. And security measures have not been stepped up at the People's Liberation Army Hospital, where

China's ailing top leaders are usually treated. Diana Yeung, TVB News. [end recording]

Hopes U.S. Settles Issues

OW2704133595 Beijing XINHUA in English 1308 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Chinese Foreign Ministry Spokesman Chen Jian said today that China hopes that the United States make sincere efforts to settle properly the major issues in Sino-U.S. economic and trade relations.

Chen made the statement at the weekly news conference here this afternoon.

A reporter said he learned that Wu Yi, Chinese minister of Foreign Trade and Economic Cooperation, has written a letter to U.S. Trade Representative Mickey Kantor, in which she demanded that the U.S. side annul its Jackson-Vanick Amendment.

The reporter asked whether China would still be prepared to enter into the talks on its re-entry into the General Agreement on Tariffs and Trade and the World Trade Organization (WTO) if the U.S. side refuses to do so.

"The discussions between China and the U.S. concerning the WTO will inevitably involve the topic of the mutual application of the WTO agreement," Chen responded.

"The purpose of the demand of the Chinese side is, through the mutual application of prevailing multilateral trade rules, to facilitate the establishment of an enduring, stable and harmonious economic and trade relationship between China and the United States," he said.

"It is our hope that the U.S. side make sincere efforts for properly settling this major issue in Sino-U.S. economic and trade ties," the spokesman added.

Objects to Taiwan's Games Bid

OW2704134895 Beijing XINHUA in English 1313 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Strong support is given here today to the China Olympic Committee's objection to Taiwan's recent move of bidding for the 2002 Asian Games.

"The real purpose of Taiwan to file its bid for hosting the 2002 Asian Games is to take advantage of the activity to practise internationally 'Two Chinas' or 'One China, One Taiwan'," said a Chinese Foreign Ministry Spokesman at today's weekly press conference.

The spokesman made this remarks when asked to comment on the move of Taiwan's Kaohsiung City to formally file its bid for hosting the 2002 Asian Games.

He noted that the China Olympic Committee has already expressed its objection to this move of Taiwan. "We strongly support this position," he added.

Lao Delegation to Visit

*OW2704141095 Beijing XINHUA in English 1313
GMT 27 Apr 95*

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—At the invitation of the Standing Committee of the Chinese National People's Congress, a delegation of the National Assembly of the Lao People's Democratic Republic led by its President Vi-gnaket Saman will pay an official goodwill visit to China from May 4 to 11.

This announcement was made here today by a Chinese Foreign Ministry spokesman at a weekly press conference.

Swiss Delegation to Visit

*OW2704135695 Beijing XINHUA in English 1313
GMT 27 Apr 95*

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—At the invitation of the Standing Committee of the Chinese National People's Congress, a delegation of Federal Assembly of Switzerland will pay an official goodwill visit to China from May 2 to 9.

The delegation will be led by President of National Council Claude Frey and President of Council of States Niklaus Kuchler, according to a Chinese Foreign Ministry Spokesman at today's weekly press conference.

Wu Yi Reiterates China's GATT Entry Position

OW2804021595 Beijing XINHUA Domestic Service in Chinese 1315 GMT 27 Apr 95

[By reporter Liu Hao (0491 3185)]

[FBIS Translated Text] Dublin, 26 Apr (XINHUA)—During an interview with a reporter on 26 April, Wu Yi, Chinese minister of foreign trade and economic cooperation, who is currently visiting Ireland, denied that China's position on the issue of GATT entry talks has changed.

Wu Yi said: In 1994 the Chinese Government indicated that if the issue of China's entry into GATT could not be resolved by the end of that year, it would no longer take the initiative to request consultations relevant to the matter. Now, in accordance with the wish which the chairman of the Chinese group in GATT indicated on many occasions, the Chinese Government has initially agreed to a non-official consultation in Geneva on 8 May this year. However, this does not mean any change in China's position on the GATT issue.

Wu Yi emphatically pointed out: The Chinese Government holds that if success is to be achieved in the talks,

it is imperative to recognize China's status as a developing country and to take the multilateral trade agreement of the Uruguay Round as the foundation. She called on the major signatories to the agreement to demonstrate sincerity and a practical and flexible attitude in the talks.

Wu Yi said: China has adopted a positive attitude toward the GATT entry issue and has done the best it can on this issue. Through reform, China's foreign trade system and economic system are gradually drawing closer to the international standards. Therefore, China holds that it is qualified to join GATT.

At the same time, she stressed: As a developing country, China is willing to undertake in an all-round way the obligations set for developing countries by the Uruguay Round agreement, but China should also enjoy the corresponding rights. In future talks China will demonstrate a certain degree of flexibility but it will not sacrifice its fundamental interests in exchange for GATT entry.

Single-Digit Inflation Rate Expected in 1996

*OW2704140595 Beijing XINHUA in English 1314
GMT 27 Apr 95*

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—China's inflation rate is on a downward trend and will descend to a single-digit rate next year, according to a report by an organization of the United Nations.

An annual report released today by the Economic and Social Commission for Asia and the Pacific (ESCAP) of the UN said that China's inflation rate will be 15 percent this year and about eight percent next year.

Meanwhile, China's economic growth rate will slow to about 10.5 percent this year and 8.9 percent next year, the report said.

This is the 48th time ESCAP has released its annual report on Asia and the Pacific. The report is compiled according to data submitted by its member countries.

The organization's estimate for China's inflation rate coincides with the target of the Chinese government, but its estimate on the country's economic growth rate is higher than the eight-to-nine percent target of the latter.

The report said that since the late 1970s, when China started its reform and opening to the outside world, China has been progressing at an average rate of nine percent in economic development and will keep developing at this rate until the end of the century.

"In recent years China has emerged as an important locomotive for growth in the region through closer trade and investment linkage," said the report.

The report estimated that the average economic growth rate for the developing countries in the Asia-Pacific

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region will be 7.5 percent this year, with an average inflation rate of 8.3 percent.

Hong Kong's economic growth rate will be 5.4 percent and its inflation rate will be 7.1 percent this year, it said.

China To Host 14th Lawasia Conference

*OW2704135395 Beijing XINHUA in English 1315
GMT 27 Apr 95*

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—About 1,000 renowned chief justices, judges, procurators, lawyers and law experts will gather here to discuss the importance of law in the development of the Asia-Pacific economies toward the 21st century.

They will come to attend the biennial 14th Conference of the Law Association for Asia and the Pacific (Lawasia), which is to be hosted by the China Law Society from August 16 to 20 this year, said president of the society Zou Yu here today.

Zou, also vice-president of Lawasia, an influential law society in the Asia-Pacific region, said that the conference is aimed at enhancing foreign persons' understanding of the investment and legal environment in China, providing more information about the trend of China's legal and economic development and sharing China's experiences of legal construction with colleagues from other Asia-Pacific areas, as well as promoting legal and trade co-operation in the region.

Topics at the conference will include laws governing trade, finance, intellectual property rights, energy, environmental protection, labor, and science and technology, as well as the administrative laws, criminal laws and constitutions, Zou said.

At the same time, the Chinese Supreme People's Court will host the biennial Sixth Conference of Asian Chief Justices from August 17 to 19, which will be parallel to the Lawasia conference, he said.

Lawasia, founded in 1966, has 5,000 members in 22 countries and regions. China joined the organization in 1985.

Russian Minister's Turkey Visit Postponed

*OW2804002395 Beijing XINHUA in English 2025
GMT 27 Apr 95*

[FBIS Transcribed Text] Ankara, April 27 (XINHUA)—A scheduled visit by Russian Deputy Foreign Minister Elbert Chernishev to Turkey has been indefinitely postponed, the Turkish Foreign Ministry announced today.

The postponement of the visit, which Ankara had previously called "a good opportunity for extensive talks," was made only eight hours before the beginning of the scheduled visit.

The visit had been requested by the Russian side. "Activities of the separatist organization, Chechnya,

Nagorno-Karabakh problem, the extension of NATO and conventional forces in Europe will be discussed during meetings between the two sides," the Turkish Foreign Ministry told the press Wednesday [26 April].

Ankara said that the visit was not canceled, but postponed to an indefinite date, adding that Chernishev's schedule prevented it. "There is no other reason," a Turkish diplomat said.

But observers here noted that postponing a visit indefinitely diplomatically means canceling the visit.

Russia Resents U.S. Anti-Missile Defense Test

*OW2804044495 Beijing XINHUA in English 0431
GMT 28 Apr 95*

[FBIS Transcribed Text] Moscow, April 27 (XINHUA)—Russia today expressed its deep concern over the United States' resumption of its anti-missile test, saying the move will jeopardize a vital 1972 arms race limitation treaty.

Sergey Yastrzhenbskiy, spokesman for the Foreign Ministry, told a news conference that Russia feels deeply regretful at Washington's test of its anti-missile system last week.

Though the U.S. views its tested system as "non-strategic," he said, Russia, the U.S. and other signatories to the 1972 anti-ballistic missile treaty have not yet agreed on how to differentiate between strategic and non-strategic systems.

In 1972, the U.S. and the former Soviet Union signed the treaty on the limitation of the anti-ballistic missile (ABM) systems. After the collapse of the Soviet Union, both the U.S. and Russia agreed to abide by the treaty.

In the fall of 1993, the U.S., Russia and other former Soviet republics began to hold negotiations on the differentiation of strategic and non-strategic ABM systems.

Before an agreement is reached on the differentiation standard, Yastrzhenbskiy said, the violation of the ABM treaty by the test can't be ruled out. The American unilateral move will likely cause the treaty to become a scrap of paper, he added.

If the U.S. continued its unilateral action, the talks on the differentiation of ABM systems would be led to a dead end, the spokesman warned.

Further on U.S.-DPRK Reactor Talks

Use of ROK Reactors Urged

*OW2804053595 Beijing XINHUA in English 0439
GMT 28 Apr 95*

[FBIS Transcribed Text] Washington, April 27 (XINHUA)—The United States today urged the Democratic

People's Republic of Korea (DPRK) to abandon hopes of getting light-water reactors from some country other than South Korea.

"That was the deal...South Korea is the only place those reactors could come from...they would have to accept that," said U.S. Assistant Secretary of State Robert Gallucci.

Addressing the U.S. National Women's Democratic Club, Gallucci, U.S. chief negotiator with the DPRK, said that Pyongyang's wish to have the two reactors from a country other than its southern rival was not constructive because South Korea is the only country with the available financing.

The U.S. and the DPRK have been at loggerheads over who should provide the DPRK with light-water reactors under their landmark nuclear accord signed last October.

Pyongyang has rejected repeated U.S. pressure to accept the South Korean reactors for reasons of political and technical unsafety.

The low-level, technical talks between the two countries in Berlin broke down last Friday [21 April] after six-month negotiations.

Washington has proposed that the U.S. and the DPRK reopen and upgrade the talks on the reactor supplier issue.

Gallucci said the DPRK had neither accepted nor ruled out the latest U.S. proposal for higher-level reactor talks.

However, he said that the U.S. was in no rush for the DPRK to accept new reactors or hold fresh talks as long as it sticks to its current nuclear freeze.

Under their nuclear accord, Pyongyang agreed to freeze and finally scrap its current nuclear programs in exchange for two U.S. light-water reactors and alternative energy supplies.

Japan's Involvement Discouraged

OW2804053495 Beijing XINHUA in English 0524
GMT 28 Apr 95

[FBIS Transcribed Text] Pyongyang, April 28 (XINHUA)—The Democratic People's Republic of Korea today warned Tokyo not to get involved in the U.S.-DPRK nuclear dispute and further complicate the matter.

Japan's position, which is biased against the DPRK, is imposing obstacles in the settlement of the issue, said an article in today's Nodong Sinmun (Labor Daily), a Workers' Party newspaper.

After the DPRK rejected the replacement of light-water reactors financed by South Korea at the latest round of U.S.-DPRK talks in Berlin last week, Japan threatened to seek a UN sanction together with the U.S. and South Korea against the DPRK.

As the nuclear issue is only the business between Washington and Pyongyang, it is unjustifiable for Japan to intervene in the matter, it added.

The article went on to say that the Korean people, who have been living under sanctions, whether in the past or at present, would not be frightened by the threat.

The paper said pressure and sanctions will not bring peace and stability to the peninsula. If Japan seeks such sanctions, the move will only further complicate the issue which in return may affect the stability and peaceful development in neighboring Japan.

United States & Canada

Liu Huaqing Meets U.S. Admiral, Discusses Ties

OW2704175095 Beijing XINHUA in English 1728
GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—General Liu Huaqing, vice-chairman of the Central Military Commission, said here today that China and the United States should develop their relations by seeking a common ground while preserving their differences.

The remark came at a meeting this afternoon with Admiral Dick Macke, commander-in-chief of the Pacific Command of the US Armed Forces, and his party.

Liu said relations between the two countries are, generally speaking, good. Improving ties would be beneficial not only to the two sides, but also to peace and stability in the Asia-Pacific region and the rest of the world, he added.

Liu noted that, while the two countries may have their differences on certain issues because of their different social systems and ideologies, they still have similar views on many international matters. And, in view of the present world situation, Liu said that efforts should be made to develop ties.

Admiral Macke said that he shares Liu's view on bilateral ties, and that both the U.S. and China share the same view and interests on many issues. He stressed the belief that China does not pose any threat to the Asia-Pacific region.

The admiral said that co-operation among all nations in the region is of vital importance. As long as the Asia-Pacific region maintains its stability, its economies can improve. Because the two countries don't have many differences on some major regional issues, they want to see stability and development in the region continue, he pointed out.

Liu said that world affairs are complicated, and it is China's belief that global issues should be settled through peaceful means, using dialogue and consultations, and stressed the fact that China has never threatened others.

Liu noted that China is a country with a population of 1.2 billion, and said that there is much to be done, including developing the economy.

China has not threatened others in the past, nor will it in the future, but will concentrate its efforts on doing its own work well, he said.

China will stick to building its own country with economic construction as its main task. This principle will remain unchanged, he added.

Trend of Terrorism in U.S. Viewed

HK2704143595 Hong Kong WEN WEI PO in Chinese
26 Apr 95 p A4

[Article by Washington-based reporter Chu Hsin-fu (2612 1630 4395): "Domestic Terrorism Is More Terrifying Than International Terrorism"]

[FBIS Translated Text] Washington, 25 Apr (WEN WEI PO)—Incidents Like the Oklahoma Blast Will Continue

McVeigh, the number one murderer in the Oklahoma blast, has been captured. The two Nichols brothers, who assisted McVeigh in committing the crime, have also been arrested. Besides pursuing other murderers involved in the blast, the Federal Bureau of Investigation is trying to discover the relationship between these murderers and extreme right-wing organizations in the United States. Public opinion here maintains that the U.S. community today is divided into two opposite directions, extreme freedom and ultra-rightism. It is inevitable that violence like the Oklahoma blast will continue in the United States.

McVeigh and the Nichols brothers are members of the Michigan militia. This organization, which has 10,000 members in Michigan and which opposes the federal government, was founded last April. The members of this organization, who have stored large amounts of arms and ammunition, frequently conduct military exercises. They are ready to fight the federal government, and their goal is to refuse paying taxes to the federal government and protect their constitutional rights to possess weapons for self defense.

Series of Detonations Tried Out by Militia Organizations

According to information given by the relatives and friends of the Nichols brothers to the FBI, McVeigh frequently visited the Nichols' farm, which had a large stock of fuel and chemical fertilizers which could be used to make bombs. Moreover, the FBI is also investigating the ties between McVeigh and the militia organizations in Arizona, which are conducting a series of detonations in the desert. Reportedly, McVeigh was present during a detonation tried out in February this year. If all this is true, the connection between the Oklahoma blast and the violent extreme right-wing groups is very likely.

The Oklahoma blast once again brings public attention to a book entitled "Diary of Turner." The author of the book is William Piers, leader of the "National Alliance" organization in West Virginia which opposes the Jews. In one part of the book, the following scene is described: The U.S. Administration is now under control of the Jews, and members of the anti-government terrorist movement are using a truck loaded with explosives to blow up the Headquarters of the FBI at 0915 in the morning, which will kill approximately 700 FBI personnel. Many members of the extreme right-wing militia organizations regard the book as their operational plan. It so happened that the means adopted and the timing of the Oklahoma tragedy were the same as those described in the book.

Extreme Right-Wing Organizations Spread to 15 States

The militia groups in Michigan and Arizona are a component of the violent extreme right-wing organizations in the United States. The number of these organizations has apparently increased in recent years. An extreme right-wing organization called "Yalian Nation," which had only three groups two years ago, had spread to 15 states by the end of last year. These extreme right-wing organizations are composed of those who regard the whites as superior, who resist paying taxes, and who oppose the federal government and arms control. Reportedly, there are at least 300 extreme right-wing organizations in the United States which are inclined toward violence. Some members of these organizations have vowed to fight those who dare encroach upon their rights to the very end.

Experts in the study of extreme right-wing organizations in the United States believe that the Oklahoma blast is an outcome of the atmosphere in the U.S. community today, which is full of violence and confrontation. The Patriot organizations in Arizona have become rampant in recent years, and their members have launched a series of anti-government terrorist activities, which included the plot to blow up the Utah Tax Bureau building and the planting of bombs in the Idaho FBI building. The situation in Montana is also explosive. When the Idaho National Guard was carrying out helicopter training in February this year, approximately 20 militiamen from Montana immediately rushed to a farm which belonged to Karl Greenup, a tax resister. They threatened that, if the helicopter dared approach them, they would shoot it down. Members of some extreme right-wing organizations also threatened to kill law enforcement officials in Montana.

Tom Metzger, who is in charge of the Yalian resistance organizations, informed the press the other day: I told people since 1984 that the government had better listen attentively to the indignant whites and the majority of the people when a war is declared against the federal government by the Aude organization (another extreme right-wing group). The Aude organization believes that the federal government is criminal. He said that the

United States was in a hot war period in the 1980's which later became a cold war. The sentiment of using violence to oppose the federal government is again on the rise. He said that the Oklahoma blast will not be the last, and federal government buildings can easily become the strategic targets of extreme right-wing groups.

Experts here believe that the suppression of the Waco religious cult two years ago aggravated the extreme right-wing organizations' discontent and hatred of the federal government. More than 80 people, including children and federal staffers, died in the 53-day siege and suppression. The extreme right-wing groups in the United States are still brooding on the matter today, believing that the federal government committed acts of terror against U.S. citizens. They point out, despite the high number of children who were killed in the siege by the federal officials, not a single person has been charged with dereliction of duty.

Bringing Up More Extreme Rightists

On the day of the Oklahoma blast, members of the constitutional militia organizations in northeast Texas were holding ceremonies in the Waco ruins to mourn the death of the disciples of the religious cult. When the widow of cult leader Roden heard of the Oklahoma blast she immediately knew who did it. She said that he had been living in the ruins for the past two years, witnessing tax-resisters, constitutional members, and right-wing religious figures coming to visit the site of the dead disciples. One of the purposes of their visit is to witness the bad things done by the government and to seek revenge.

According to the U.S. Constitution, the government cannot suppress those who express dissent. However, an increasing number of extremists in the U.S. community today have turned their words into concrete action. It would be too late for the government to take action against the violent groups. As the U.S. community is moving toward the right, it is bringing up an increasing number of extreme rightists. When these people take hostile action against the federal government, they will become more terrifying than international terrorists.

Northeast Asia

Qiao Shi Returns From Japan, ROK Trip

OW2804083495 Beijing XINHUA Domestic Service in Chinese 1141 GMT 22 Apr 95

[FBIS Translated Text] Beijing, 22 Apr (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress [NPC], and his wife Yu Wen ended official friendly visits to Japan and ROK and returned to Beijing this afternoon.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference; Tian Jiyun, Wang Hanbin, and Wang Guangying, vice

chairmen of the Standing Committee of the NPC; and officials from relevant departments welcomed Qiao Shi and his party at the Great Hall of People. Japanese Ambassador to China Sato Yoshiyasu and ROK Ambassador to China Hwang Pyong-tae were also present at the Great Hall of People to greet Qiao Shi.

Those who accompanied Qiao Shi during his visits to Japan and ROK are Lei Jieqiong, vice chairwoman of the Standing Committee of the NPC and chairwoman of the central committee of the China Association for Promoting Democracy; Cao Zhi, secretary general of the Standing Committee of the NPC; Yang Xizong, NPC deputy and chairman of the standing committee of the Sichuan provincial people's congress; Li Hao, member of the Standing Committee of the NPC and vice chairman of the NPC financial and economic committee; and Qi Gong, chairman of the State Committee for Appraising Cultural Relics and vice curator of the Central Research Institute of Culture and History. They returned to Beijing on the same flight as Qiao Shi.

Beijing Authorizes Mitsubishi Holding Company

OW2704131195 Tokyo KYODO in English 1232 GMT 27 Apr 95

[FBIS Transcribed Text] Tokyo, April 27 KYODO—China has granted a request by Mitsubishi Corp., Japan's largest trading house, to establish a holding company in Shanghai to place its affiliated subsidiaries in China under its umbrella, the trader said Thursday [27 April].

The core company of the Mitsubishi conglomerate will put up 30 million dollars as start-up capital for the holding company, it said.

The company, to be formed in May at the earliest, will place under its umbrella both existing mitsubishi subsidiaries and subsidiaries to be set up in China in the coming years, it said.

The presence of the holding company will enable the conglomerate to coordinate its marketing efforts in China for products to be made by the subsidiaries, while coordinating their procurements of various material from Chinese suppliers, it said.

It will also enable the subsidiaries to adjust their respective balances of reserves of foreign currencies through transactions with each other, it said.

MOFTEC 'Regrets' Japan's Textile Quota

OW2704134095 Beijing XINHUA in English 1307 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—China today expressed its regrets at and strong opposition to Japan's unilaterally-imposed quota limits investigation into part of the textiles exported to Japan by China.

On April 21, the Japanese Government announced that it would launch a unilaterally-imposed quota limits investigation into part of the textiles such as cotton yarn and cotton cloth (poplin) exported to Japan by China and other countries.

In a statement issued here today, a spokesman of the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) noted that the Chinese Government is very concerned about the move since textiles are not only China's major exports to Japan, but also an important commodity to balance the Sino-Japanese trade.

"We have always held that economic and trade frictions among countries should be settled through friendly consultations," the spokesman said, adding that MOFTEC has paid much attention to the problems in the Sino-Japanese trade of textiles.

The MOFTEC has also held rounds of talks with its Japanese counterpart, or the Japanese Ministry of International Trade and Industry, and has proceeded to adopt, on its own, effective regulatory measures, he noted.

Under this circumstance, the Japanese Government still decided to make the unilaterally-imposed quota limits investigation. "We regret very much at and strongly oppose to such a move," the spokesman said.

He noted that it is not easy for the Sino-Japanese economic and trade ties to reach the present level, which both sides should cherish.

"We hope that the Japanese Government would proceed from the overall interests of the Sino-Japanese economic and trade relations, adopt a discreet attitude to the textile trade issues and continue to seek for a settlement through consultations so that the Sino-Japanese economic and trade relations could develop healthily," the spokesman stressed.

NPC Vice Chairman Meets Japanese Visitors

OW2704140695 Beijing XINHUA in English 1314
GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Wang Guangying, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met here this afternoon with a delegation from the Japan-China Culture Exchange Association.

The five-member delegation, headed by Japanese musician Matsumura Teizo, is in China for a visit as guests of the Chinese Federation of Literary and Art Circles.

Japanese Aid in Fujian Flood Forecasting System

OW2804013795 Beijing XINHUA in English 0110
GMT 28 Apr 95

[FBIS Transcribed Text] Fuzhou, April 28 (XINHUA)—A major flood forecasting and warning system, set up with Japanese aid, on the Minjiang River in coastal

Fujian Province is almost ready for the coming flood season after intensified construction efforts.

The 220-million-yuan (about 25.88 million U.S. dollars) project, the construction of which began in 1993, is one of the largest and most modern flood warning systems in China.

The 97 supportive construction projects, many located in rugged mountain areas and undertaken by the Chinese side, were fulfilled on schedule last September, and equipment fixing in 95 locations, jointly done by the Chinese and Japanese, was completed at the end of last year.

Since the beginning of this year experts from the two countries have begun to be busily engaged in equipment debugging to ensure the trial operation of the system in the coming flood season. With the support of the departments concerned, some 400 containers of items for the construction have been smoothly shipped in from Japan.

Vice Premier Jiang Chunyun Meets Japanese Visitors

OW2804105995 Beijing XINHUA in English 1018
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Chinese Vice-Premier Jiang Chunyun met here this afternoon with Tohru Hirai, Governor of Yamaguchi Prefecture of Japan and his party, and they exchanged opinions on issues of common concern.

The six-member delegation arrived here Thursday at the invitation of East China's Shandong Province, and they are also scheduled to visit Shandong and Shanghai.

Sub-Saharan Africa

'New South Africa' Anniversary Observed

End of Apartheid Celebrated

OW2804003895 Beijing XINHUA in English 2224
GMT 27 Apr 95

["Roundup" by Liu Yegang: "South Africa—The First Step Ahead"]

[FBIS Transcribed Text] Johannesburg, April 27 (XINHUA)—It is exactly one year to the day that a new South Africa was born over the ashes of the dismantled apartheid regime which reigned over the land and the people for more than 40 years.

Since the founding of the government of national unity, the policy of national reconciliation has been firmly pursued. Headed by the African National Congress (ANC), the government has adhered to the unity of the whole nation—be it white or black, the National Party or the Inkatha Freedom Party—in the reconstruction and development program of a new South Africa. One goal has made clear, to maintain stability, improve the living

standard of the majority of the black people and make the country prosper. [sentence as received]

Looking back to the 365 days, the world should marvel at the achievements South Africa has made within such a short time despite complex problems.

The development of a new national unity has cut out the old color divides. In all government institutions and work places, white and black, Asian and colored are seen working side by side under one roof. No serious racial violence has been recorded.

It would be hard to imagine to witness peace prevailing in a country like South Africa one year back, where racial conflicts had run for generations. It has set a good example for its neighbors where racial massacre has brought immense sufferings to the innocent civilians, that national conciliation did work in South Africa.

The National Party leader and Second Deputy President F.W. de Klerk said, "The government was holding together and working well." He was happy to be involved.

The Inkatha Freedom Party (IFP) leader and the Minister of Home Affairs Mangosuthu Buthelezi, who has tightly held the issue of international mediation, also recognizes the efforts President Nelson Mandela has made in his first year of presidency. He said Mr. Mandela had not "spared himself" and was "doing everything to get in touch with the people at grassroots."

Thanks to the reconciliation policy and stability, South Africa's real gross national product (GNP) rose by 3.5 percent in 1994. The country's gross domestic product (GDP) went up by 2.5 percent during the same period.

The real GNP per capita therefore recouped some of its previous losses and the average product of each South African rose by one percent to about 1,730 U.S. dollars in 1994.

Important headways have been achieved in social welfare in the country.

Latest figures indicate that a total of 378,717 homes and 562 schools were electrified in 1994, in addition to the 16,838 farm worker homes.

Free health care was introduced less than a year ago, benefiting tens of thousands of children and pregnant women.

Primary school feeding is reaching five million children in more than 8,000 schools country-wide.

Housing is a most critical issue. A new housing subsidy of 15,000 rand for individuals earning 800 rand per month or less came into effect on March 15. In last month's 1995/96 budget, social services such as housing, education and health, accounted for 57.4 percent of projected state expenditure.

Business is booming under the new government of national unity.

The South African Chamber of Business (SACOB), the country's largest business federation reported unprecedented buoyancy among manufacturers.

SACOB chief economist Ben Rensburg said the overwhelming majority of manufacturers expected sales, production, stock volumes, employment and real capital expenditure to increase over the next 12 months.

Foreign investors are arriving in force. The number of U.S. business companies jumped from 184 three years ago to 500 now. Britain, already South Africa's biggest investor, plans to double its trade with the republic by the end of the century. Tourism is booming. A 20 percent increase in the number of overseas tourists visiting South Africa is expected this year, exceeding three million.

The government of national unity has also given priority to the disadvantaged blacks in the following areas: thousands of low cost housing have been completed, first reallocation of land has been carried out, the unemployment rate of blacks has fallen from nearly 50 percent a year ago to 32.6 percent now.

However, South Africa still has many problems to resolve. President Mandela made it clear at an interview with the press a few days ago, that his government has a long way to go, and faces very complex problems and tough tasks. But he stressed that the achievement made in the first year is only the beginning. South Africa has the full confidence to achieve greater progress in the years to come.

Freedom Day Celebrated

OW2804085695 Beijing XINHUA in English 0811
GMT 28 Apr 95

["Feature" by Liu Yegang]

[FBIS Transcribed Text] Pretoria, April 27 (XINHUA)—Colourful Freedom Day celebrations started here today with dancing, music, and even the autumn sun making a welcome appearance to mark the first anniversary for the birth of new South Africa.

Thousands of drum majorettes and pupils gathered at the Sammy Marx square to lead the celebratory March to the Union Building, where President Nelson Mandela is to speak at noon at a rally attended by about 5000 people.

School children, black and white together, waving balloons proclaiming "I am writing the new constitution", sang songs praising President Mandela.

This day last year, South Africa started the first all-race democratic general elections in its history, marking the abolishment of apartheid rule in the country.

Pretoria today has the feel of a parade, with the police band playing popular tunes. One black dancer, carrying a

home-made guitar, joined the band automatically in playing Mango Grove's special star.

Smiling faces greeted the arrival of government leaders, officials, parliament members and VIPs.

Police were present in force but appeared relaxed. "I'm hopeful for the future. It's better than working at riots," one of them told reporters. P. W. de Klerk, Deputy President and Leader of National Party, which is representing the minority white people in the government, told the press that the government of national unity "was doing well".

"There was good cooperation within the government, and the reconstruction and development program was being financed correctly," he added. De Klerk also said: "I have very high appreciation for what President Mandela is doing to achieve peace and reconciliation, and in selling South Africa."

Mangosuthu Buthelezi, leader of the Inkatha Freedom Party which is locked in a tussle with the African National Congress and the National Party over Zulu tribe's autonomy, said he thought Mandela had done very well, and that the parties will be still working together in the government of national unity.

When the formal celebrations started at the front square of the Union Building, premier of Gauton provincial government Tokyo Sexwale announced: "Happy birthday, new South Africa."

President Mandela announced a special amnesty for some prisoners as a mark of goodwill on the first birthday of new South Africa.

He said: "We hope we are sending a message to all prisoners that they should mend their ways and make a fresh start."

He reviewed his government's achievements in the reconstruction and development program and expressed that the government will speed up the process of reconstruction, especially in the social-welfare sector.

The president received two gifts, a painting of flowers meaning happiness, and a small piece of brick sent by South African business sector to wish the national reconstruction and development program a success.

The ceremony concluded with a 21-gun salute and air force flypast, but people danced and sang until the night falls.

Political & Social

Reportage on Party Secretary Chen Xitong's Arrest

Chen Under House Arrest

HK2804102995 Hong Kong AFP in English 1018 GMT 28 April 95

[FBIS Transcribed Text] Beijing, April 28 (AFP)—Former Beijing Communist Party chief Chen Xitong, who was fired on Thursday [27 April], has been placed under house arrest, reliable sources said Friday. Chen was picked up by police late Thursday and taken to an unknown location shortly after the official announcement of his dismissal, they said.

The official news agency Xinhua reported Friday that the dismissal was linked to the recent suicide of Beijing deputy mayor Wang Baosen, who was accused of corruption. Chen, 65, was replaced by politburo member Wei Jianxing in his posts of municipal party committee secretary and standing committee member, a Beijing government spokesman confirmed Friday. The official, who remains a member of the powerful party politburo, quit because of "unshirkable responsibilities" for the case of Wang, who committed suicide on April 4 as he faced an investigation into "economic irregularities and crimes," the Xinhua report said.

XINHUA Confirms Resignation

HK2804052095 Hong Kong MING PAO in Chinese 28 Apr 95 p A2

[Report: "Chen Xitong Resigns From Office, Beijing Takes More Intensive Action Against Corruption"]

[FBIS Translated Text] Today, at 0202 local time, the official XINHUA News Agency issued a dispatch, confirming that Chen Xitong, secretary of the Beijing Municipal CPC Committee, resigned from office for bearing unshirkable responsibility for former executive vice mayor Wang Baosen's scandal, and Chen's resignation was approved by the upper authorities.

The XINHUA report said: The CPC central authorities decided to appoint Comrade Wei Jianxing to be member of the Beijing Municipal CPC Committee, member of the standing committee of the municipal party committee, and secretary of the municipal party committee; approved Chen Xitong's resignation from the posts of municipal party committee secretary, municipal party committee's standing committee member, and municipal party committee member.

Wang Baosen (former vice mayor of Beijing) was suspected of being involved in an economic criminal case, and committed suicide when the department concerned was going to investigate the case. The department concerned is now still investigating Wang's case according to the legal procedures.

After a chain of corruption and bribery scandals were leaked in recent weeks in Beijing, the top leadership of the municipal authorities was finally changed yesterday. Chen Xitong, who held the power in the municipal authorities for 12 years officially "resigned" from the office of municipal party committee secretary, and was replaced by Wei Jianxing, who is now secretary of the CPC Central Discipline Inspection Commission.

According to authoritative sources in Beijing, the Beijing Municipal CPC Committee yesterday held an urgent meeting to announce the relevant CPC central decision. The decision said that the party central leadership approved Chen Xitong's resignation and appointed Wei Jianxing to be secretary of the Beijing municipal party committee.

The sources also said: Wei Jianxing was engaged in anticorruption work over a long time. The decision on appointing Wei to be leader of the Beijing municipal party committee indicated that the authorities would take severe action against corruption in Beijing's municipal organs.

Reportedly, when the supreme municipal leader was changed, the leader of the the Beijing Municipal Public Security Bureau was also changed. Zhang Liangji, who held the office of the municipal public security bureau chief for less than half a year, was replaced by a new bureau chief from Shanghai.

It was said that the CPC central decision on changing secretary of the Beijing municipal party committee still "affirmed" the work results of the Beijing municipal party committee in the past, but also pointed out the problems in its work.

The sources said: The municipal leading body of Beijing headed by Chen Xitong was often in the limelight in the field of urban construction and reform and also in the events of hosting the Asian Games and striving to host the 2000 Olympic Games. They won favorable comments from Deng Xiaoping and other party elders. With the support of elders Peng Zhen and Wan Li, who were previously municipal leaders of the capital city, the Beijing municipal authorities were ambitious and often challenged the central authorities. In particular, last year, Chen Xitong and other Beijing municipal officials were unhappy with the "Shanghai Gang" headed by Jiang Zemin and Vice Premier Zhu Rongji, and were rather disobedient to the latter. This caused the present purge.

The sources also said: In May 1992, after inspecting the south, Deng Xiaoping inspected Shougang in the company of Cheng Xitong. After that, he toured by car twice to see the new look of the capital city. On the eve of the 1993 National Day, being accompanied by Beijing Executive Vice Mayor Zhang Baifa, Deng inspected the new San Huan Road and commended the Beijing municipal authorities' work.

However, last year, the conflicts between the Beijing municipal authorities and the central authorities headed

by Jiang Zemin became intense. First, Chen Xitong set forth the reform guideline of "having new ideas and taking big actions," but this was severely criticized by Vice Premier Zhu Rongji, who is in charge of economic work. Although Chen Xitong did not argue again, he held a grudge against Zhu. After that, the Beijing municipal authorities were criticized for some officials' gossips about the "Gang of Shanghai." Chen Xitong then defended his subordinates and said: "We did not do a good job in some aspects, but our comrades indeed have some points of discontent."

In the second half of last year, the Dongfang Square project in Wangfujing developed by Hong Kong investors with the approval of the Beijing municipal authorities was suspended by the central authorities for "the incompleteness of the application and approval formalities" and for the "violation of the urban planning rules." In February this year, secretaries of some senior municipal leaders, including Chen Xitong's secretary, were arrested by the State Security Department of Jiangsu Province for being involved in an illegal fund-raising case. Chen Xitong's son was also summoned for interrogation. At the same time, Shougang's strongman Zhou Guanwu was ordered to retire, and his son Zhou Beifang was arrested for his involvement in the above-mentioned case. All this showed that the central authorities were pressing on step by step and taking more and more severe actions against the Beijing municipal authorities.

In early April, Executive Vice Mayor Wang Baosen, who was personally promoted by Chen Xitong, shot himself to death. Then, rumors about the reorganization of the Beijing municipal leading body were heard again and again.

Resignation Announcement

OW2704181995 Beijing XINHUA in English 1808
GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Wei Jianxing, a politburo member of the Communist Party of China (CPC), has taken the posts of member, standing committee member and secretary of the CPC Beijing Municipal Committee, according to a decision of the CPC Central Committee.

The CPC Central Committee has also approved the resignation of Chen Xitong from the CPC Beijing Municipal Committee as secretary, standing committee member and committee member. [Beijing XINHUA Domestic Service in Chinese at 1759 GMT on 27 April carries a variant version of this report. It reads: ...Decision of the CPC Central Committee: Comrade Wei Jianxing has taken the posts of member, standing committee member, and secretary of the CPC Beijing Municipal Committee; the resignation of Comrade Chen Xitong from the CPC Beijing Municipal Committee as secretary, standing committee member, and committee member, for his responsibility for a serious mistake, has been approved.]

It is learned that Chen resigned because he has unshirkable responsibilities for Wang Baosen's case.

Wang, a vice-mayor of Beijing, committed suicide April 4 faced with an [Variant version reads: ...Wang Baosen (former vice mayor of Beijing Municipality committed suicide faced with an...) imminent investigation into economic irregularities and crimes. Wang's case is under investigation.

Arrest Follows 'Scandal'

HK2804053295 Hong Kong EASTERN EXPRESS in
English 28 Apr 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The arrest of Chen Xitong caps three months of scandal in the capital which has seen the resignation or detention of more than 60 officials in the Beijing party and government apparatus. The sequence of events which led to Chen's arrest has an almost inevitable appearance in retrospect, although only days ago speculation in the capital was that no changes would be made before the sensitive June 4 anniversary of the Tiananmen Square massacre.

As Beijing's mayor from 1983, and party secretary since 1992, Chen has kept an iron grip on the financial and property business of the capital, from which his downfall proceeded. Though it was unclear last night what specific corruption cases Chen was involved in, they are thought to include his recent approvals of loans for redevelopment of public land, as well as the deals of his property tycoon son, Chen Xiaotong, known as "the Li Ka-shing of Beijing". A series of financial scandals have rocked Beijing under Chen's tenure—including the disappearance of contributions for the 1990 Asian Games, the Great Wall fund-raising fiasco of 1992 and the more recent US\$380m [million] loan pyramid scheme. A senior state security official of the city, Li Min—who is also a former aide to the mayor, Li Qiyuan—was detained in connection with the pyramid scheme in February.

Li Qiyuan is expected to survive the current upheaval, although his vice-mayor, Zhang Baifa, whose secretary has been detained, is thought to be in imminent danger of detention. Zhou Beifang, who headed two Hong Kong-listed subsidiaries of Beijing's largest steelworks, Capital Iron and Steel (Shougang), was detained on February 13, also in relation to the pyramid scheme. Zhou's detention came a day before his father, Zhou Guanwu, resigned as chairman of Shougang. The fall of Zhou Guanwu, a close associate of Chen, was seen as the beginning of the end for the besieged party secretary.

When the purge began in February, Chen Xiaotong and Chen's private secretary at the time, Chen Jian, were immediately detained. It appears many of the other crooked deals involving Chen were engineered by his close aide, Wang Baosen, an executive vice-mayor and head of the city's planning commission until he shot himself in the head on April 4 in the Beijing suburbs.

Wang is thought to have become a target for investigation by the central party after having given approval for the massive Oriental Plaza development project, although Hong Kong tycoon and part-owner of the project, Li Ka-shing, has denied any link between the two.

There have been reports that Chen ordered Wang to shoot himself as the investigation into the scandal by the central party proceeded, and to have even bought the gun and sent along his mistress to see the deed done. It was the first reported suicide of a senior official since the purges of the 1966-76 Cultural Revolution.

Feud With Jiang Zemin Viewed

HK2804053495 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] Chen Xitong and Jiang Zemin are not the best of friends. In fact they have been at each other's throats since the late 1980s. Since becoming mayor of Beijing in 1983, Chen is believed to have had a series of run-ins with Jiang, now party general-secretary, which have left relations between the two men icy.

While massive economic corruption involving property projects in the capital is the main reason for Chen's arrest, sources close to Chen's office say Jiang's determination to purge his rival was related to the series of run-ins.

The first occurred in 1989 when Jiang was still Shanghai mayor. Preparations for the Asian Games to be held in Beijing the following year were under way and Jiang sought permission for Shanghai to sponsor more of the events at the games than it had been allocated. The then-party general secretary, Zhao Ziyang, replied that Beijing and Shanghai officials should decide between themselves. Chen then proceeded to turn down every request made by Jiang—mindful of the prestige of sponsoring events—leaving the two men with a bitter relationship.

The next occurred in 1990 after Jiang had become party general-secretary. In that year, Chen secretly arranged to meet the former politburo standing committee member Hu Qili, who had been stripped of all his party posts for supporting the student movement in 1989. Hu had not yet been partially rehabilitated as electronics minister, and Chen's friendly meeting—apparently aimed at consoling his old friend—drew shouts of rage from Jiang, who saw it as a challenge to his authority.

In 1992, Chen made perhaps the most dangerous gambit of his political career, but one which later stood him in good stead. Following patriarch Deng Xiaoping's triumphant southern inspection tour in the early spring, a debate raged among senior Chinese leaders about reporting the trip. Conservatives in the propaganda apparatus, including People's Daily [RENMIN RIBAO]

editor Gao Di, as well as Jiang, insisted that Deng's gung-ho reformist speeches be reported in short form and only in mid-year. Chen took a gamble that Deng's power would hold and ordered the Beijing party committee's Beijing Daily [BEIJING RIBAO] to report the tour in February, using reports in the Shenzhen newspapers. It came before the politburo had approved any reports. The People's Daily was forced to issue a report the next day, but Chen came close to dismissal for breaking the rules of unified propaganda about state leaders. When the southern tour became a call for faster economic growth, which all leaders rallied around, Chen was exonerated.

The same year, Chen, seizing on his previous coup, arranged for Deng to make a much publicised visit to the Capital Iron and Steel Corporation in Beijing. His old friend at the plant, the now sacked chairman Zhou Guanwu, agreed to arrange the visit, but Chen opted to exclude all politburo members. After the visit, which was covered in the local Beijing press, Deng asked Chen to pass on the message to Jiang that "anyone who opposes the decisions of the 13th party congress should step down". The message suggested that Jiang was not following the decisions to continue with both economic and political reforms reached by the first meeting of the party's 13th congress in October 1987. Jiang was understandably outraged, and reportedly accused Chen of "stirring up trouble".

Most recently, Beijing's attempts to impose hefty fees on migrants from other cities and provinces living in the capital have left Chen and Jiang at loggerheads. The fee, which exceeds the annual income of most migrant workers, has been unsuccessfully opposed by Jiang, who supports the pleas of the provinces that their workers have a right to seek employment in the capital. At a politburo meeting just before the fee came into effect on January 1, Jiang is reported to have ordered Chen and the Beijing party committee to "fly the flag of the whole country". Chen, who joined the politburo when he was made Beijing party secretary in 1992, retorted that "above all, Beijing must not be in disorder", which left Jiang with little to say in response. The city's 3.3 million migrant workers might have high hopes that the fee will be abolished following Chen's arrest.

'Purge' of Leadership Viewed

HK2704155995 Hong Kong AFP in English 1549 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (AFP)—The removal of the top leaders of Beijing municipality, including the city's powerful Communist Party chief Chen Xitong, has been formally sanctioned by the central leadership, informed sources said Thursday [27 April]. The majority of the politburo standing committee, the party's highest body, have come out in favour of a rapid purge within the top echelons of the capital's administration—tainted by a real estate-linked corruption scandal, the sources said.

An official announcement of Chen's removal, together with that of Beijing Mayor Li Qiyang and other officials is simply a question of time, they added. Other Chinese sources said Chen had already agreed to tender his resignation.

Rumours circulating among diplomatic circles Thursday suggested that Li had been arrested earlier in the day. Communist Party Secretary General Jiang Zemin has personally supervised the investigation—led by the chief of the party's disciplinary commission Wei Jianxing—into the Beijing leadership.

The decision to remove Chen, 65, is focused on his inability to clear up charges of economic irregularities levelled against the municipal authorities, especially in the highly speculative construction sector. According to police sources, an inquiry has also been launched into the activities of Chen's son, Chen Xiaotong, a major real estate magnate.

Similar investigations led to the suicide earlier this month of vice mayor Wang Baosen, who was also president of the Beijing planning commission, and the reported arrest of the three former secretaries of Chen Xitong, Li Qiyang and another vice mayor Zhang Baifa.

Observers say Jiang Zemin, the designated successor of ailing patriarch Deng Xiaoping, is anxious to promote himself as the "corruption buster" within the Chinese leadership and consequently is willing to make an example of the Beijing authorities. Jiang is also keen to expand his own political base in the capital by promoting his loyalists to key posts, they say.

Beijing Military on Alert

HK2804053095 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 1

[By Bruce Gilley and Didi Tatlow]

[FBIS Transcribed Text] The Beijing party secretary, Chen Xitong, has been arrested on corruption charges and taken to the coastal resort of Beidaihe, and his recently appointed private secretary and bodyguard have also been detained.

Chen has been replaced by Wei Jianxing, the head of the party's discipline inspection commission, who has been leading an investigation into corruption within the Beijing municipal party and government.

The Beijing military region's 38th group army has been put on alert to guard against instability following the arrest.

Chen, a politburo member, is believed to be the highest level Communist Party member arrested on corruption charges since the Cultural Revolution. He is the second senior associate of patriarch Deng Xiaoping to be arrested this year, following the detention of Capital Iron and Steel's Hong Kong operations head, Zhou Beifang, in February. The arrests are seen as a clear indication of

the Party General Secretary Jiang Zemin's determination to assert his unfettered leadership of the country as the post-Deng era nears.

Chen became Beijing mayor in 1983 and had been the city's party secretary since 1992. Since the late 1980s he is said to have had a series of feuds with Jiang, which is thought to have contributed to his arrest. He is understood to have been arrested for corruption involving property deals and city finances.

Jiang convened a special meeting of the politburo within the Zhongnanhai leadership complex at 3pm yesterday to announce the decision. At 7pm it was relayed to all ministerial-level officials in the central government and party, and to all provincial governors and party secretaries.

The New China News Agency (Xinhua) was expected to issue a statement today, which would say that Chen had tendered his resignation, which had been accepted.

Sources said the arrest was made on Tuesday afternoon, shortly after Chen took part in the opening ceremony for a Taiwan investment seminar in the capital. He was immediately bundled into an unmarked car and driven to the nearby coastal resort of Beidaihe, a retreat of senior leaders. He is said to have put up no struggle. Attempts by his new private secretary and bodyguard to prevent the arrest resulted in their detention.

His previous secretary, Chen Jian, was arrested for corruption in February in one of the first moves in a purge of the city's leadership. Chen Jian was yesterday taken from a detention centre in Beijing to Jiangsu province as part of moves to guard against a counter-coup.

As news of the arrest circulated throughout Beijing yesterday, the Ministry of Public Security and the People's Liberation Army (PLA) issued instructions to prevent any unrest. In the morning a document was circulated among all departments of the Beijing city government with instructions to "take care of and control" their personnel in apparent anticipation of the purge. The PLA's 38th group army, one of six group armies in the Beijing Military Region, surrounds the capital and has some units reaching into the suburbs.

Chen, 65, has been fighting for his political life since his close aide, the former executive vice-mayor and planning commission head, Wang Baosen, killed himself on April 4. The suicide, which was said to have been ordered by Chen, is understood to have been "assisted" by the common mistress of the two men. Chen is also believed to have bought the gun himself. The arrest is the latest in a series of sackings and detentions which have claimed more than 60 Beijing party and government officials since the beginning of the year. The upheaval is likely to have an egregious effect on foreign investment in the capital, a favourite target for many Hong Kong

property tycoons. Many of the deals brokered by Chen's son, Chen Xiaotong, could become unravelled as a result of the purge.

Wei Jianxing Reportedly Named New Party Secretary

OW2704151395 Tokyo KYODO in English 1505 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 KYODO—The Chinese Communist Party on Thursday [27 April] replaced its top representative in Beijing, Chen Xitong, several Chinese sources said.

At an "important" meeting of the party's political bureau earlier Thursday, Wei Jianxing, 64, secretary of the Central Commission for Discipline Inspection, was named to succeed Chen, 64, in his task as secretary of the Beijing Municipal Committee, the sources said.

Wei and Chen are both members of the politburo.

The sources said the change will be officially announced shortly.

Posting Seen as Anticorruption Move

HK2804053695 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The appointment of the party discipline chief, Wei Jianxing, as the acting Beijing party secretary is being seen as a forceful, if temporary, assertion of central authority over the Beijing municipality, which has caused nothing but headaches for the General Secretary, Jiang Zemin, in the past six years. Wei is one of the most trusted cadres of the central party, having worked his way up through central party organs since leaving the mayoralty of the Heilongjiang capital, Harbin, in 1983. His main backer is thought to be the Politburo Standing Committee member, Hu Jintao. The two attended the Central Party School's young cadres training programme together in 1980 and entered the Politburo together in 1992.

A native of Zhejiang province and a member of the party's powerful secretariat, Wei will be above any suspicion of harbouring local protectionist views as he sets about rectifying the Beijing leadership, which is believed to have lost about 60 junior and senior officials to the ongoing corruption campaign. Sources in Beijing said Jiang's announcement of the appointment at a meeting of senior Chinese leaders at their Zhongnanhai residence yesterday afternoon was greeted with strong approval.

Wei is expected to hold the position for about two years, until the Beijing municipal party holds its next big congress in late 1997. "He is being put there to guard against future instability in the city which might result if more economic (corruption) problems keep cropping

up," a source said. "Of all the choices which were debated to take over the post, Wei was seen as the most reliable given the current upheaval," he said.

Wei won his spurs as China's shrewdest anti-corruption fighter following the Tiananmen square massacre—when he was the minister of supervision—as head of a special committee to investigate corruption in the government. It was frustration over official corruption that drove students in Beijing in 1989 to take to the streets. Such corruption has been a prominent theme in recent scandals and arrests involving the Beijing leadership.

Wei, 64, graduated in mechanics from the Dalian Engineering Institute in 1952, after which he worked in a succession of light industry factories in his adopted home of the northwest. He took his first post in the central government with the national trade union in 1984, where he still serves as president. This was followed by stints in the party's organisation department, supervision ministry, and finally the party's Central Commission for Discipline Inspection.

His appointment to the body was seen at the time as part of the patriarch, Deng Xiaoping's, last-gasp efforts to strengthen legal supervision over both the party and the government in the wake of the 1989 protests. After becoming the commission secretary in 1992, Wei was credited with transforming it from a conservative to a reformist organ of the party by shifting its focus from ideological and work issues to stamping out corruption among cadres in financial and economic areas.

NPC Standing Committee To Hold Another Session 5 May

OW2704173895 Beijing XINHUA in English 1728 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Chinese Eighth National People's Congress (NPC) Standing Committee will begin another 6-day session on May 5, which was decided by today's NPC leaders meeting, presided over by its Standing Committee Chairman Qiao Shi.

Qiao Shi suggested during the meeting that the main agenda of the coming 13th session includes the examination of the draft commercial bank law, draft law on reserve service officers, draft law on bills and draft law on energy saving as well as several other reports.

Participating in the meeting were NPC Standing Committee Chairman Qiao Shi and 12 vice-chairmen.

Revival of Clans Threatens Party Authority

HK2804074095 Hong Kong SOUTH CHINA MORNING POST in English 28 Apr 95 p 7

[By Willy Wo-Lap Lam]

[FBIS Transcribed Text] Beijing has issued a nationwide warning against the revival of "feudalistic clans" which

are undermining the authority of the party in the countryside. Clan organisations, which were supposed to have been wiped out in the 1950s, have become the centres of power in counties with low income and education levels, according to internal circulars issued by government security units.

"Some village cadres have abolished local party committees, with the clan chiefs becoming the de facto administrators," one document said. "In other rural areas, the election of village committees is under the control of clansmen."

While the revival of clans began in the early 1980s, they have become larger and much better organised in the past three years. Police have warned that clans have formed alliances with triad societies and other undesirable elements. Rural cadres said clan activities have siphoned off badly needed funds for agriculture and education. The security departments cited villages in Hunan as having clan units so powerful they had refused to pay taxes or implement family planning measures.

"Since only males can join clans, their revival has fuelled families' desire for male children," a Jiangxi cadre said. One clan in central China boasts more than 30,000 members from three generations. Membership dues, which include the right to have one's name listed in the clan archives, are 50 to 100 yuan (HK\$45.90 to HK\$91.80). Clan members also make regular contributions to Spring Festival celebrations and the maintenance of ancestral shrines, temples and cemeteries.

The Education Ministry cited the case of a county in northwestern China which had more than 100 clan temples. Enthusiasts there spent more than one million yuan last year on clan-related activities, more than the area's budget for schools.

In more remote counties, cadres and even police officials have become active clan members. During a recent celebration in Qidong county, Hunan, police vehicles were on hand to maintain order and the event was broadcast on local television for more than two hours. More than 90 percent of the leaders of clans in Dingcheng and Hanshou districts in the same province are party members.

In areas where there are two or more prominent clans, fights over territory or committee positions often degenerate into bloody battles. "Many villages turn to clan organisations instead of the police or courts to settle disputes," a rural official in Hubei told a local newspaper.

Luo Gan, Labor Minister Discuss Transient Laborers

HK2804081395 Beijing CHINA DAILY in English 27 Apr 95 p 1

[By Cao Min: "Policies Pursue Orderly Flow of Rural Labourers"]

[FBIS Transcribed Text] The government said yesterday that it achieved preliminary success in controlling the rampant flow of millions of transient rural labourers whose numbers peaked during the Spring Festival period this year.

The labourers were organized to move into cities "in an orderly manner" for employment during the Spring Festival, the Chinese Lunar New Year, according to a conference held yesterday in Beijing.

About 60 per cent of the labourers celebrated the traditional festival (which began on January 31 and lasted 15 days) in the cities where they hunted for jobs.

For example, 2.08 million of the 3 million farm workers in Guangdong Province didn't return home for the holidays.

Governments of localities which have surplus rural work force have observed a central government instruction and suspended the issuance of new employment identification cards to rural labourers.

Departments in mainly coastal cities and municipalities, which hire rural labourers, controlled their recruitment for a month after the festival. This was aimed at alleviating the transportation burden caused by the movement of migrant rural labourers.

Labour Minister Li Boyong said at a national conference yesterday that the country's railway sector transported a total of 168 million travellers January 11-March 11, a decrease of 9.3 per cent over the same period last year.

In the Chengdu Railway Station in Sichuan Province, which has more than 130 million people, about 25,000 people everyday waited for limited trains this year compared to about 70,000 in 1994.

Controlling the floating rural labour force is a long-term task. Right now it's not easy to solve the problem of surplus rural labourers, said Luo Gan, a State Councillor.

In recent years, surplus rural labourers have been encouraged to work in non-agricultural sectors and allowed to make orderly transregional migration, Luo said.

Transient rural labourers are vital to maintaining the luster of big economic and financial hubs, he said.

Studies conducted in Beijing and Hangzhou show that about 10 per cent of migrant labourers are engaged in catering, helping develop the service industry.

Luo urged government at all levels to redouble their efforts to develop township enterprises and the rural economy to create more local job opportunities for the surplus farmers.

"It is important to maintain the social stability and develop the urban and rural economy," Luo said.

Ding Guangen Addresses Television Forum

OW2804095295 Beijing XINHUA Domestic Service in Chinese 1422 GMT 26 Apr 95

[FBIS Translated Text] Beijing, 26 Apr (XINHUA)—A national forum of provincial, autonomous regional, and municipal TV station directors opened in Beijing on 18 April. Ding Guangen, CPC Central Committee Political Bureau and Secretariat member and CPC Central Committee Propaganda Department director, held discussions with the participants on 25 April. He expressed the hope that television workers would fully recognize the importance of running the television industry efficiently; heighten their sense of responsibility and mission; and work conscientiously and realistically in a spirit of responsibility toward the party, the state, people, and the future of youngsters to produce TV programs that are more inspiring, influential, and popular.

Cosponsored by the CPC Central Committee Propaganda Department and the Radio, Cinema, and Television Ministry, the forum specifically discussed how to improve the television industry in the new situation; how to carry out General Secretary Jiang Zemin's task of "arming people with scientifically sound theories, guiding people with correct opinion, molding people with a noble spirit, and inspiring people with excellent works"; and how to make the television industry better serve the people, socialism, and the overall tasks of the party and country under the fundamental guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and in accordance with the CPC Central Committee's general guidelines and the principles governing propaganda and ideological work.

During the forum, TV station directors from various parts of the country earnestly studied the CPC Central Committee guidelines on the television industry, shared and summed up their experiences in light of the industry's actual state in the new situation, improved their understanding, unified thinking, further defined the guiding ideology for television, and gained a clear understanding of the tasks and duties that were incumbent on them.

During the forum, Ding Guangen fully affirmed the Chinese television industry's progress and achievements over the past few years. He also pointed out new circumstances that the industry has encountered during the course of advancement, as well as new problems that need to be studied carefully and solved properly. He said: Since the television industry is an important part of propaganda and ideological work, the party attaches great importance to it. Since the 14th CPC National Congress, the party Central Committee with Comrade Jiang Zemin as the core has issued many important directives on radio, cinema, and TV, underscoring the need for the television industry to follow the right course, improve quality, produce more excellent programs, strengthen management, and train more personnel. As this constitutes the basic requirement for

running the television industry well, we should make earnest efforts to understand and fulfill it.

Ding Guangen said: TV is a modern mass medium that attracts people on account of its unique superiority and appeal, and exerts a significant influence on people's values, ways of thinking, and ways of life. A well-run television industry is crucial for promoting the program of reform, opening up, and modernization; for enriching people's cultural lives; for promoting socialist spiritual civilization; for enhancing unity among people of all nationalities; and for giving the world a better idea of China.

Ding Guangen said: To serve society and people, the television industry must follow the right course. It should actively propagate the party's basic theory and line, conscientiously keep in step with the party Central Committee, firmly foster the mass viewpoint, maintain close ties with the masses, and try to reflect people's wishes and demands.

Ding Guangen said: Improving quality and producing more excellent programs are important steps toward promoting a thriving television industry that enjoys healthy development. The production of a steady stream of excellent programs and the creation of brand-name programs require us to adopt a rigorous and conscientious attitude and to demonstrate the spirit of pursuing constant improvements. We should gear our TV programs to people; devote major efforts to reflecting the vivid real-life stories and heroic deeds of people in reform and construction; reflect the working and living conditions of grass-roots level cadres and people; produce more quality programs that are ideologically oriented, artistic, informative, and suitable for viewing; and produce more viewer-acclaimed, brand-name programs to inspire people and allow them to enjoy things that are appealing. He said: The production of quality programs requires a certain amount of investment. However, we must understand that our country is still not wealthy, and we should practice thrift. To succeed, we should go among the masses, go deep into the realities of life, achieve artistic mastery, be truthful and honest, and make concerted and strenuous efforts. Doing things extravagantly without regard for national conditions and the masses will get us nowhere.

Ding Guangen said: Steadfastly following the path of reform and opening up is a fundamental way to promote a thriving socialist television industry. Through reform, we should improve news programs; increase the amount of information; improve reports on meetings; propagate the party's line, principles, and policies in a more thoroughgoing manner; and foster public opinion that is favorable to reform, development, and stability. We should produce more excellent programs and train more personnel so that our TV programs will be more varied, refined, wholesome, and colorful, and suited to people's demands. During the reform process, we should give priority to social benefits and strive to combine social

and economic benefits. We should not ignore moral principles at the sight of profit, and should never permit the broadcasting of vulgar programs, especially those that harm young people's physical and mental well-being. We should learn from the useful experiences of other countries, and apply them while keeping our national conditions in mind.

Ding Guangen emphasized the need to simultaneously promote a thriving television industry and exercise management. He said: A thriving television industry requires management, which, in turn, promotes a thriving television industry. At present, the industry is developing rapidly but is managed relatively poorly. We should fully recognize the need to tighten management, exercise management in accordance with the law and in a scientific manner, establish a sound responsibility system, earnestly implement relevant rules and regulations, and strictly observe discipline.

Ding Guangen said: The key to improving and promoting a thriving television industry lies in grooming dedicated and qualified TV workers. Our TV workers are generally good, and they are full of vigor and are enterprising. They toil night and day, in hot and cold weather, as they travel over mountains and cross rivers to visit different households. Nevertheless, we should take note that our TV workers came into being amid the television industry's rapid development, and have yet to improve their ideological standards or professional skills. We should earnestly fulfill Comrade Jiang Zemin's requirement for grooming cross-century personnel, and make vigorous efforts to improve our TV workers. We should groom prominent reporters, editors, program hosts, and commentators who follow the right course, reflect real life, and enjoy popular support. He emphasized: TV station directors should concentrate on running their stations efficiently and strictly. They should wholeheartedly throw themselves into running their stations well and producing quality news programs and other types of programming; they should cultivate politically reliable, professionally competent, and upright personnel. They should show concern for and cherish their reporters, editors, and program hosts who should fulfill even stricter demands and receive even more enthusiastic assistance as they become more successful and renowned.

Ding Guangen said: The next century will be one of high technology, during which TV, as a modern mass medium, will experience even greater progress. Our television industry should chart its own course in accordance with the principle of emancipating the mind and seeking truth from facts. This course consists in developing a socialist television industry with a Chinese style and Chinese characteristics on the soil born of the great cause of fostering a new way of life for our people in the midst of reform and opening up, and of the outstanding cultural tradition that our nation created through thousands of years, while proceeding from our national conditions, facing the world, keeping the present in mind, and ushering in the future.

Ding Guangen noted: The program of reform, opening up, and modernization has created conditions favorable to television industrial development, and has opened up broad avenues for the industry; it has also given rise to even stricter demands. The television industry has bright prospects. We must uphold Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, unite as one, and work in a down-to-earth manner under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, so that our TV programs will be more varied, colorful, and well-received, and so that they will carry the voice of the party and government far and near, deliver the best mental fare to thousands of households, project China's good image onto the world, and play an even greater role in socialist material and spiritual civilization.

The forum will end on 28 April.

Meeting on Selecting Noncommunist Party Officials Ends

OW2704180395 Beijing XINHUA in English 1734
GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—A three-day meeting on selecting and training non-Communist Party officials ended here today.

The meeting, which was held by the Organization Department and the United Front Work Department (UFWD) of the Central Committee of the Communist Party of China, urged Party committees at all levels to pay close attention to selection and training of non-Communist Party officials in view of the country's reforms, development, and stability.

Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and head of the UFWD, spoke at the meeting, which was attended by more than 200 officials from the central and local Party organizations.

Greater efforts should be made to do a better job of selecting and training non-Communist Party cadres, Wang said, adding that the work has a great bearing on the Party's and State's general condition.

"It embodies the system of political parties with Chinese socialist characteristics," he said.

A recent survey has shown that by the end of 1994, the number of officials of non-communist parties, and the number of non-party personnel in government above the county level reached 1,512, including 18 deputy provincial, municipal, or autonomous regional governors.

Report on Leaders' Activities 21-26 Apr

OW2804061695

[FBIS Editorial Report] PRC media monitored by Okinawa Bureau from 21 to 26 April carried the following

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reports on PRC Central leadership activities. The source is noted in parentheses after each report.

Xie Fei Attends Unveiling Ceremony—On 21 April Xie Fei, member of the Political Bureau of the CPC Central Committee and secretary of the Guangdong Provincial CPC Committee, took part in a ceremony to unveil the foundation stone for the construction of the Guangdong Overseas Chinese Museum in Guangzhou City. (Beijing XINHUA Domestic Service in Chinese 0806 GMT 21 Apr 95)

Wu Bangguo Greets Entrepreneurs Day—Wu Bangguo, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, sent a greeting letter to mark China's second annual entrepreneurs' day which was held in Guangxi's Nanning City 21 April. In his letter, Wu Bangguo says: Entrepreneurs should have a strong sense of mission and responsibility. In particular, entrepreneurs in charge of state enterprises are shouldering the responsibility of protecting state assets and are entrusted by staff members and workers of their respective enterprises. They must fully understand their important historical mission and responsibility. (Beijing Central People's Radio Network in Mandarin 2230 GMT 21 Apr 95)

Wu Xueqian Meets Fu Jie's Daughter—Wu Xueqian, vice chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], 22 April met the daughter of Fu Jie, late member of the Standing Committee of the National People's Congress. Zhu Xun, secretary general of the CPPCC National Committee took part in the meeting. (Beijing XINHUA Domestic Service in Chinese 1147 GMT 22 Apr 95)

Jiang Zemin Issues Order on Military Auditing—Chairman of the Central Military Commission Jiang Zemin 17 April issued an order to promulgate the "Regulations on Auditing Work of the Chinese People's Liberation Army." The "regulations" will be implemented in the whole army today. (Beijing XINHUA Domestic Service in Chinese 1243 GMT 24 Apr 95)

Li Lanqing Greets Asia-Pacific Customs Meeting—Li Lanqing, vice premier of the State Council 25 April sends a greeting letter to the fifth meeting of customs administration directors in the Asia-Pacific region on behalf of the Chinese Government. In his letter, Li Lanqing says: The customs have played a positive role in the economic activities of the Asia-Pacific region. The importance of cooperation between customs offices to promoting trade development has been recognized by governments of all countries. Customs work has become an indispensable content in international and regional economic and trade organizations. (Beijing XINHUA Domestic Service in Chinese 0645 GMT 25 Apr 95)

Wu Bangguo Attends Technology Exhibition—Wu Bangguo, vice premier of the State Council; Chen Muhua, vice chairman of the Standing Committee of the National People's Congress; and Wan Guoquan, vice

chairman of the National Committee of the Chinese People's Political Consultative Conference, 26 April attended the opening ceremony of the second national exhibition on technological progress of industrial enterprises in Beijing. The opening ceremony was presided over by Wang Zhongyu, minister of the State Economic and Trade Commission. (Beijing XINHUA Domestic Service in Chinese 1309 GMT 26 Apr 95)

XINHUA Carries Biography of Kang Shien

OW2704111295 Beijing XINHUA Domestic Service in Chinese 0050 GMT 26 Apr 95

[*"The Biography of Kang Shien"*—XINHUA headline]

[FBIS Translated Text] Beijing, 26 Apr (XINHUA)—Comrade Kang Shien, a long-tested loyal communist fighter, proletarian revolutionary, prominent leader on China's industrial front, one of the brilliant pioneers of New China's petroleum and petrochemical industry, vice premier of the State Council, and standing committee member of the former advisory commission of the CPC Central Committee, died of illness after failing to respond to any medical treatment in Beijing at 1455 [0555 GMT] on 21 April 1995 at the age of 80.

Comrade Kang Shien was born on 20 April 1915 in Tianjiazhuang Village in Huaian County, Hebei Province. In 1935 while attending the Hebei Provincial Beiping Senior Middle School, he took part in the well known "9 December" student movement. In 1936, he passed an examination to study at Qinghua University's Geology Department; in the same year, he joined in the "National Liberation Vanguard" and was a standing committee member of the university's Students National Salvation Association. In October 1936, he was recruited into the CPC. In 1937 after the War of Resistance Against Japan broke out, he joined the Eighth Route Army and took part in armed resistance and frontier construction in the Shanxi-Suiyuan district, assuming the posts of Civil Transportation Department staff member of the 120th Division, mobilization committee chairman of Shanxi's Shuoxian County, and Eighth subdistrict commissioner of the Shanxi-Suiyuan district. During the liberation war, he was the political department director of the Yanmen Army in the Shanxi-Suiyuan district as well as the Ninth Division of the Third Army of the First Field Army. He took part in the campaigns to safeguard Yanan, Yulin, and Wazijie; and to liberate Lanzhou; thereby making active contributions to the founding of New China.

After the PRC's founding, he successively served as the general military representative of the Yumen Petroleum Mine; director of the Northwestern Petroleum Administrative Bureau; director of the fuel industry ministry's petroleum administration; assistant to the minister of petroleum industry; vice minister of petroleum industry and concurrently director general of the Daqing Oilfield Battle Command and director of the North China Petroleum Prospecting Battle Command; principal responsible person and secretary of the party committee of the

petroleum industry ministry; vice chairman of the Hubei Provincial Revolutionary Committee and concurrently deputy director of the Jiangnan Petroleum Battle Command; principal responsible person of the fuel and chemical industry ministry; minister of petrochemical industry and head of the ministry's party core group; State Council vice premier, and concurrently minister in charge of the State Economic Commission and secretary of its party group, vice minister in charge of the State Planning Commission and deputy secretary of its party group, member of the State Council Finance and Economic Committee, and vice chairman of the National Energy Commission and second secretary of its party group; and state councillor and concurrently minister of petrochemical industry. He was a member of the 11th and 12th CPC Central Committees and standing committee of the Central Advisory Commission of the 12th CPC Central Committee. He also served as the honorary president of the China Petroleum Society and chairman of the China Work Committee for Nurturing the Next Generation.

During his long service in leadership posts in the petroleum industry, Comrade Kang Shien persistently applied the views of dialectical materialism to guide China's petroleum prospecting and oilfield development according to Comrade Mao Zedong's theses "On Practice" and "On Contradictions." He was apt at combining general principles of petroleum science with China's geological conditions in solving practical problems, thereby enriching and developing the theory and application of petroleum geology and oilfield development in China. He took part in leading and organizing the Karamay, Daqing, and eight other major petroleum battles as well as the prospecting and development of other oilfields and gas fields, making significant contributions to founding and developing the petroleum industry in New China.

In the early post-liberation period, Comrade Kang Shien presided over the work of rehabilitating and developing the production of the Yumen Petroleum Mine founded on the basis of Old China's extremely weak petroleum industry foundation, and turned Yumen into China's first petroleum industrial base.

In the first half of the 1950's, Comrade Kang Shien, to counter the influence of the so-called "theory on scarcity of China's oil resources," conducted geological surveys in various parts of the country. Using foreign experiences for reference, he put forth the principle of adopting diversified means to conduct comprehensive prospecting and overall analysis of the whole basin. He carried out prospecting in the Junggar Basin, Sichuan basin, Songliao basin, and north China, and discovered the Karamay Oilfield, thereby achieving the first breakthrough in New China's petroleum industry.

In the early 1960's, Comrade Kang Shien took part in, led, and presided over the Daqing petroleum battle, and played an important role in making China self-sufficient

in petroleum. Together with other leading comrades, he adhered to the "two theories ['On Practice' and 'On Contradictions']" in making a successful start for the petroleum industry; advocated the style of "three honests and four stricts [being honest in thought, word, and deeds; and setting oneself strict standards for work, organization, attitude, and observance of discipline]"; established management system with personal responsibility as the core; strengthened basic work and grassroots construction; trained and nurtured a contingent of competent petroleum engineers and workers; and developed a complete set of unique technology and techniques for developing oilfields, and gathering and transporting oil and gas; thereby bringing Daqing Oilfield's development and construction up to world advanced levels. Together with other leading comrades, he not only brought enormous material assets to the state but also created invaluable spiritual wealth by blazing a path of developing socialist enterprises through self-reliance and arduous struggle. The discovery of Daqing Oilfield proved the earlier theory of searching for major oilfields on the surface layer of the continent. Comrade Kang Shien made brilliant contributions to the development of this major geological theory.

Following Daqing battle's decisive victory, Comrade Kang Shien planned and presided over a series of battles in the Dagang, Liaohe, and other oilfields, winning victory in the Bohai Gulf region. In light of the region's special, complex geological structure and through repeated study and deliberation, he put forth the scientific concept and related technology on multiple oil-gas accumulation zones, thereby pushing China's petroleum output to a new height.

During the "Cultural Revolution," Comrade Kang Shien was cruelly persecuted. However, upholding principles and loyal to the party, he waged a tit-for-tat struggle against the Lin Biao-Jiang Qing counterrevolutionary clique. In early 1969, when an off-shore oil well in Bohai was in imminent danger because of the impact of floating ice, Comrade Kang Shien, under late Premier Zhou's personal supervision and kind concern and support, was sent to the Bohai oil well to deal with the contingency by breaking the ice and killing the well. Later, Premier Zhou again sent him to organize the Jiangnan petroleum battle. After 1972, he took charge of the fuel and chemical industry ministry. To deal with serious problems in production sabotage and energy shortage, he firmly implemented Premier Zhou's instructions, exerting every effort to increase the production of petroleum, coal, and chemical fertilizers; and making important policy decisions on importing comprehensive coal mining generating units, on upgrading small chemical fertilizer plants, and on organizing battles in the Ganning, Renqiu, and other oilfields. In 1978, China's 100 million tonne crude oil output played a crucial role in sustaining a national economy which was on the verge of collapse.

After the downfall of the "Gang of Four," Comrade Kang Shien assumed the post of State Council vice

premier and concurrently minister in charge of the State Economic Commission. He resolutely implemented the line, principles, and policies adopted by the Third Plenary Session of the 11th CPC Central Committee; and actively promoted reform and opening up to the outside world. To rehabilitate as soon as possible industrial production sabotaged by the "Gang of Four," he personally took charge of a drive to consolidate a number of large transportation, iron and steel, and energy enterprises having an important bearing on the overall situation of the national economy; to improve the quality of enterprise leading bodies and the contingent of workers; and to restore the enterprise management system. He encouraged enterprises to develop themselves by tapping internal potential, expanding production scale, and speeding up technical transformation of outdated facilities. He popularized the experience of granting greater autonomy to enterprises. Meanwhile, he actively organized the import and construction of a number of key projects, including an ethylene plant with a 300,000 tonne production capacity, the Baoshan Iron and Steel Complex, and a major chemical fiber plant, which played a significant role in boosting China's economic strength. While reinforcing basic industry, he worked hard to help build up the light industry in terms of funds and policies, and showed concern and support for the state's maritime undertakings, making important contributions to China's speedy economic rehabilitation and development.

In 1981, to continue to promote the development of the petroleum industry in the new period, Comrade Kang Shien was instructed to serve once again at the concurrent post of minister of the petroleum industry. He initiated a proposal holding the ministry responsible for producing 100 million tonnes of crude oil for the state, which was approved by the State Council. Together with other leading comrades, he meticulously organized the implementation of this policy, raised a vast amount of funds for expanding the prospecting and developing of oilfields, and imported advanced foreign technology and equipment, thereby greatly enhancing the petroleum industry's production and technology level.

In the late 1980's, Comrade Kang Shien emphasized, in particular, the importance of resource replacement, prospecting patterns, and fund strategy. He said: In formulating the strategy for developing the petroleum industry, we should step up the prospecting of the eastern region and fully tap the potential of old oilfields to steadily increase output. Meanwhile, we should accelerate the pace of opening up the western region to the outside world to attract foreign capital and technology to achieve breakthroughs in prospecting as soon as possible. His correct views had a significant impact on the sustained development of China's petroleum industry.

Comrade Kang Shien devoted his heart and soul to the founding of China's off-shore petroleum industry. Under the vigorous support of Comrades Deng Xiaoping and Ye Jianying, he actively planned and organized the

opening of off-shore petroleum to the outside world, worked out principles and policies for cooperation with foreign countries, presided over legislation work, and actively absorbed capital and advanced technology and managerial expertise from abroad. As a result, off-shore petroleum became a new force, and the first industry in China to introduce foreign capital on a large-scale and to open up to the outside world; a highly competent contingent of off-shore petroleum workers equipped with advanced technology and managerial expertise emerged rapidly in the country; and significant achievements were made in off-shore petroleum prospecting and development, and oil and gas fields.

Owing to the arduous struggle by the 1 million-strong petroleum workers, China's annual crude oil output increased from 120,000 tonnes before the liberation to 145 million tonnes in 1994. This reflected in a concentrated form Comrade Kang Shien's courage, resourcefulness, and farsightedness.

Comrade Kang Shien always closely watched the development of the petrochemical industry. He went all out to advocate self-reliance in building modern oil refineries; in developing new oil extracting techniques and technology; and in tapping potential, renovating, and carrying out technical transformation of outdated plants. He consistently emphasized the need to set high standards for plants, to establish a job responsibility system in petrochemical enterprises, and to exercise scientific management and quality control. He presided over the formulation of a program on fully utilizing 100 million tonnes petroleum for achieving optimal allocation and raising the efficiency of resources. He personally led and took intensive charge of plans to import and construct 13 sets of equipment with 300,000 tonnes of synthetic ammonia and five sets of equipment with 300,000 tonnes of ethylene production capacity. He advocated the intensive processing and comprehensive utilization of petroleum resources, as well as the development of an intensive chemical industry, playing an important role in building up the stamina of China's petrochemical industry.

After he resigned from leading positions, Comrade Kang Shien continued to pay keen attention to economic construction and the building of socialist spiritual civilization in China. He went down to grass-roots units on many occasions to conduct investigation and study, and to make timely suggestions to the central authorities. He enthusiastically organized veteran comrades to engage in the work of nurturing the next generation, devoting his remaining years to youngsters' ideological education. When he was gravely ill, he still kept in mind large and medium sized state-owned enterprises' reform, management, and improvement; and earnestly exhorted leaders at all levels to set high standards, to perfect systems, and to strive to enhance management level; thereby revealing a veteran communist's profound sense of responsibility toward revolution as well as his enterprising spirit.

Comrade Kang Shien was always loyal to the party and the people. He diligently studied Marxism-Leninism-Mao Zedong Thought, and the Deng Xiaoping theory of building socialism with Chinese characteristics [deng xiao ping jian she you zhong guo te se she hui zhu yi li lun 6772 1420 1627 1696 6080 2589 0022 0948 3676 5331 4357 2585 0031 5030 3810 6158]; and resolutely supported the leadership of the party Central Committee with Comrade Jiang Zemin as the core. In work, he attached great importance to combining the building of material and spiritual civilization; and emphasized the necessity to strengthen party leadership, and ideological and political work under all circumstances. He integrated a high degree of revolutionary spirit with a strict scientific approach, persisted in the principle of "seeking truth from facts," and proceeded with everything from realities, working with perseverance in the relentless pursuit of China's economic development and national rejuvenation.

Comrade Kang Shien adhered to the party's mass line; was good at listening to a divergence of opinions; and regularly held discussion meetings of technical personnel, workers at large, and leading cadres, thus bringing democracy to play and pooling the wisdom of all to form correct policy decisions for guiding work. He paid close attention to investigation and study; and often went down to the grass roots to hold heart-to-heart talks with cadres and workers and to learn from them. He was admired by cadres and the masses for his leadership art of showing great foresight and his work style of maintaining close contacts with the masses.

Comrade Kang Shien was modest and eager to learn, diligent in thinking, and bold in forging ahead. He worked hard to assimilate the latest knowledge of science and technology at home and abroad; laid great store by studying and importing advanced technology from abroad; and innovated such technology in the course of practice. Through diligent study and painstaking exploration for several decades, he became an erudite expert in industrial management and petroleum in the party.

Comrade Kang Shien was upright, held firmly to truth, and took the overall situation into consideration; he was open-minded and aboveboard. He worked conscientiously and willingly bore the burden of the party's cause, giving no thought to personal gains or losses. He led a simple and plain life, was honest in performing duties, and exemplified himself in setting strict demands on himself and his children, relatives, and staff. He protected cadres, cared for the masses, but never connived at nor shielded their shortcomings; he dared to conduct criticism and self-criticism. His noble revolutionary sentiment and selfless dedication was held in great esteem by workers and staff members at large.

The life of Comrade Kang Shien was one of revolution and combat. It was one of serving the people wholeheartedly. He worked selflessly and made great contributions to the Chinese people's cause of liberation and socialist

modernization. His passing has deprived our party of an outstanding veteran party member and China's petroleum front of an outstanding leader. We should emulate his noble thinking and fine moral character and, led by the party Central Committee with Comrade Jiang Zemin as the core, strive to build socialism with Chinese characteristics.

Eternal glory to Comrade Kang Shien!

Science & Technology

Experts Urge Protection of Medicinal Resources

OW2804092395 Beijing XINHUA in English 0853
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Chinese experts have urged the development of effective measures to protect the country's medicinal resources.

They called for the related departments to strengthen management, scientific research and legislation for the protection of medicinal resources and curb the diminution of medicinal materials in some areas.

A national survey of medicinal resources, which took 10 years and has only just been completed, showed that China has 12,807 kinds of herbal plants and animals which can supply ingredients for traditional Chinese medicine. The medicinal resources fall into three categories: 11,146 kinds are herbal plants, 1,581 animals of medicinal value; and the remaining 86 kinds are minerals.

According to the survey findings, some medicinal resources are underdeveloped while others are being overused. The resources of some valuable ingredients in traditional Chinese medicine, such as Chinese caterpillar fungus are vanishing rapidly.

China has already promulgated dozens of laws and regulations on the protection of natural resources, and established more than 300 natural conservation zones. This has effectively protected medicinal resources, but further steps need to be taken, the experts said.

Large Tandem Electrostatic Accelerator Developed

OW2804055095 Beijing XINHUA in English 0530
GMT 28 Apr 95

[FBIS Transcribed Text] Shanghai, April 28 (XINHUA)—China's first large tandem electrostatic accelerator, developed solely by Chinese scientists, has passed technical appraisal.

The breakthrough, a result of more than 10 years' efforts by the Shanghai Research Institute for Atomic Nuclear Physics, affiliated with the China Academy of Sciences, proves that China has mastered the world's most advanced techniques in this regard, specialists here asserted.

This device, powered at six million volts, is reportedly capable of accelerating charged particles to carry electronic voltages as high as 12 million volts.

Moreover, its adoption of an advanced metal-ceramic welding accelerating pipe and an oil-free super-vacuum system has a number of advantages for the designs and manufacturing technologies.

As a significant installation in the physics laboratory, the electrostatic accelerator can supply both heavy and light ion beams of high quality for a number of key physics experiments.

During the trial operation, technicians applied the functions of the accelerator to research into environmental science, nuclear physics and bio-medicine.

Metal-Bodied, Light Plane Takes Maiden Voyage

OW2804115695 Beijing XINHUA in English 1135 GMT 28 Apr 95

[FBIS Transcribed Text] Shenyang, April 28 (XINHUA)—China's first light-duty plane with a metal fuselage had a successful maiden flight around this capital of northeast China's Liaoning Province Thursday [27 April].

The plane, a Model KJ-4A, was designed by the Shenyang Space Navigation Development Corporation.

The four-seater plane is an improved version of the "Honeybee" and "Dragonfly" models which have two seats and adapt to short and medium distances and low-altitude flight.

The 9.37-m-long plane has a loading weight of 1,550 kg and a maximum speed of 210 kph. It can be used for field prospecting, forest patrols and aerial photography.

Military & Public Security

National Meeting of Discipline Inspection Ends

HK2804081595 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 12 Apr 95

[FBIS Translated Text] The three-day national meeting of discipline inspection and supervision cadres ended on the afternoon of 12 April in Fuzhou. The meeting decided on the guidelines for personnel work of the discipline inspection and supervision organs. That is, to more effectively carry out the anticorruption struggle, further emancipate people's minds, select and promote outstanding young cadres, strengthen leading bodies,

build up a contingent of discipline inspection and supervision cadres with strong party spirit, good work style, professional competence, and fighting effectiveness.

The meeting pointed out: It is necessary to understand the importance of the discipline inspection and supervision work and to consolidate leading bodies of the discipline inspection and supervision organs at all levels with the spirit of reform. Outstanding cadres, especially young cadres, who have both political integrity and work ability and who behave outstandingly in the anticorruption struggle, should be promoted to leading bodies of the discipline inspection and supervision organs at all levels.

The meeting also called for making greater effort in cadre training, maintaining the system of dispatching cadres to work at the grass-roots level, increasing exchanges of cadres, and creating favorable conditions for bringing up more outstanding young cadres.

Hou Zongbin, deputy secretary of the Central Discipline Inspection Commission, attending the concluding session. Fu Jia, member of the Standing Committee of the Central Discipline Inspection Commission, gave a concluding speech. Leaders of the Fujian provincial party committee, Lin Kaiqin, Lin Zhaochu, and Chen Yingguan, also attended the concluding session.

***Yunnan Conference Outlines Law Enforcement Goals**

95P30061A Kunming YUNNAN GONGAN BAO in Chinese 14 Mar 95 p 1

[FBIS Summary] On 7 March, the Yunnan Public Security Department held a telephone conference on provincial law enforcement issues. Feng Jiacong, the department director, outlined the province's "spring offensive in the severe crackdown on crime." He noted that while last year's anti-crime efforts achieved some successes, Yunnan's public security situation is still quite serious. Public security components at all levels must recognize the importance of the spring offensive with regard to containing crime and maintaining order and stability. Feng stressed that public security must maintain a strict policy on public order to contain the upward trend in serious crimes. He also outlined four main areas for law enforcement. The first includes murder, bombings, robbery, theft of motor vehicles, burglary, and the kidnapping and selling of women and children. The second includes hooliganism and the activities of criminal gangs and secret societies, as well as ordering chaotic areas and stretches of road. The third includes narcotics and weapons trafficking, prostitution, gambling, trafficking in obscene materials, and drug use, and the fourth includes fraud, smuggling, and other economic crimes.

General

SETC Minister Stresses Role of Technology

HK2804081495 Beijing CHINA DAILY in English 27
Apr 95 p 1

[Article by Sun Hong: "Technology To Power Wheels of Progress"]

[FBIS Transcribed Text] A senior Chinese Government official says technology advancement and renovation is key to enterprise development.

Wang Zhongyu, Minister in charge of the State Economic and Trade Commission (SETC), made the remarks at an exhibition on the technical achievements of China's industrial enterprise, which opened yesterday in Beijing.

Over 1,200 large to medium-sized State-run enterprises were represented at the exhibition, the second since 1991.

The week-long show displays China's recent technical development and history in several areas, including transport, energy, metallurgy, chemicals, petrochemicals, medicine, construction, electronics and machinery.

Wang said that between 1990 and 1993 the government invested 468 billion yuan (\$55.7 billion) on technical renovation, compared with the 560 billion yuan (\$65.5 billion) invested on 450,000 technical renovation projects in the 80s.

Co-operation among enterprises, universities and research institutes has developed quickly, which has helped the country turn around 4,000 crucial scientific and technical achievements into production.

The introduction of technology and equipment from abroad also proved a great help, Wang said.

Vice-Director of SETC Xu Penghang said in coming years, enterprises will be encouraged to play a key role in technology investment and development.

He said pillar enterprises, key sectors, new products, crucial equipment industrial experiments and imports of advanced technology and equipment will remain the focus of SETC.

Forecast Shows 18 Million Unemployed by 2000

HK2704112195 Beijing ZHONGGUO XINWEN SHE
in English 0922 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (CNS)—According to an expert forecast, in a period from 1995 to 2000, some 18 million people will face unemployment in China owing to bankruptcy of enterprises, the dismissing of workers by enterprises and ending of labour contracts. The annual unemployment amount will be put at 3 million.

In 1993 some 1.03 million unemployed workers received relief funds in the country, doubling the total of the previous six years. Last year the jobless who received relief funds registered 1.87 million, equivalent to the total in the previous seven years.

These figures, on one hand, reflect the fast-paced reform of enterprises in China; on other hand, they also indicate the increasing high pressure on the government in paying unemployment insurance as the reform of enterprises deepens.

From 1987 to 1994, there were totally 3.54 million unemployed workers to receive relief funds, of them 2 million were given jobs again. China plans to find jobs for 8 million unemployed people in the coming years before the end of this century.

An official from the Ministry of Labour held that China's current unemployment insurance system has six shortcomings. First, the system's applicable range is narrow as it only covers employees of state-owned enterprises. Second, funds source for the system is not broad with the funds only coming from enterprises themselves. Enterprises and employees lack strong sense of unemployment insurance. Third, the system offers little room for re-distribute the insurance funds. Fourth, the too small sum of unemployment insurance cannot guarantee the basic living standard of the jobless. Per capita relief funds offered to the unemployed in 1993 was only 30 percent of the average social wage in the year. Fifth, there are many difficulties in carrying out the re-employment scheme. Sixth, the system lacks a strong function of supervision over the use of the unemployment funds, as a result embezzlement of the funds occurred in some regions.

Henan To Build China's Largest Methane Project

OW2804033495 Beijing XINHUA in English 0318
GMT 28 Apr 95

[FBIS Transcribed Text] Zhengzhou, April 28 (XINHUA)—A feasibility report on China's largest methane project has passed appraisal by experts, and the construction of the project will begin this year in Xiangcheng city, in central China's Henan Province.

The project is expected to produce good returns concerning both energy and environmental protection. It will be the largest in China in terms of both investment and construction scale, according to officials of the State Committee for Foreign Trade and Economic Cooperation and the Ministry of Agriculture.

When the project is completed, all the organic waste water produced by the Lianhua Gourmet Powder Group, a major sponsor and beneficiary of the project, will reach the state-set standard before it is discharged into the Huaihe River.

The project will involve a total investment of 110 million yuan, 20 million of which will come from the

Lianhua Group and nine million yuan from state loans. It will be able to treat 25,000 tons of organic waste water and produce 45,000 cu m of methane daily, which can supply cooking gas for 35,000 families.

The Lianhua Group is the world's second-largest gourmet powder producer, with an annual output of 100,000 tons. However, its daily discharge of 25,000 tons of organic waste water into the Huaihe River has seriously affected the lives of local people.

In 1994, the State Council put forward a plan to make the Huaihe River clear again by the year 2000, and demanded that all the enterprises along the river meet the relevant state standards from 1997.

The Lianhua Group built a 1,700 cu-m methane project last year.

***Newspaper on Accelerating Enterprise Reform**

95CE0360A Beijing JINGJI RIBAO in Chinese 11, 12 Mar 95

[Article by Yang Guomin (2799 0948 3046): "News Background Analysis of the Two Congresses—Enterprise—State Enterprise: Ray of Hope for Accelerated Development"]

[11 Mar p 2]

[FBIS Translated Excerpt] Premier Li Peng in his *Government Work Report* gave objective and complete expression to the current problems faced by state enterprises, pointing out that "some state enterprises lack vitality, are weighed down by historical burdens and social burdens; have obsolete equipment and backward technology; and are mismanaged and slow to reorganize; and their production and operations are in rather difficult circumstances." How do we regard these problems of state enterprises?

The prominent current problems in state enterprises are manifested as:

1. Operating mechanisms are not lively. A considerable portion of state enterprises still have not extricated themselves from the traditional planning system and are rather slow in responding to market information and macroeconomic control signals, and it is hard to make use of market mechanisms' optimum resource distribution. Enterprises have not been truly market oriented and have not taken the path of being responsible for their own profits and losses, self-management, self-restraints, and self-development. Based on the State Statistical Bureau's investigation of 2,586 losing enterprises in eight provinces and municipalities, policy losses did not reach 10 percent, but losses created by enterprise self-management made up more than 80 percent.

2. Economic performance is not high. Relevant data indicate that in recent years, whether the macroeconomy was in a long period of growth or a period of decline,

generally about one third of state enterprises lost. Currently, those with serious losses are even in a state of production stoppage or semi-stoppage. According to a State Statistical Bureau report, in 1994 of the 394,800 industrial enterprises at the township level and above throughout the country, a total of 90,200 or 22.8 percent were losing enterprises. Within that 72,400 were state enterprise, of which 28,300 or 39.1 percent were losers. As regards the losers, state enterprises made up 68 percent of all losers and ate up 37.1 percent of state profit enterprise profits. Enterprise losses bring an ever greater financial burden on the state treasury. On the one hand, these enterprises can only rely on bank loans to maintain them, usurping a large amount of funds. On the other hand, they are greatly in arrears to other enterprises and powerless to repay them, creating a corresponding tightness in enterprise funds. It is estimated that the net amount of funds that enterprises should have collected last year reached as high as 648 billion yuan.

3. Too many funds are owed. According to a survey, current state enterprise liabilities have reached more than half of their assets. According Hubei Province statistics on 2,453 state enterprises, as of the end of last year, 771 enterprises, 31.4 percent, broke the bankruptcy warning line of a 100 percent asset liability rate and the asset liability rate of some enterprises was even as high as 200 percent.

4. Enterprise burdens are too heavy. A considerable portion of state enterprises are old enterprises and large enterprises with numerous retired staff, old staff, and a large surplus staff. Add to that the enterprises' handling of social and other problems and the burden is rather onerous. According to a survey, surplus personnel make up approximately 30 percent of current state enterprises, and retired personnel also make up more than 20 percent of total personnel. Because enterprises handle social problems, state enterprises annually must pay out 60 billion yuan more.

These few major difficulties tie the hands of state enterprises, putting them in a disadvantageous position in market competition. Last year throughout the nation, industrial added value increased by 18 percent over the previous year. Within that, state enterprises achieved only a 5.5 percent added value, and including state holding enterprises they did not exceed 6.8 percent. The state economy made up 15.2 percent of new increased production in the nation's industry and the non-state economy made up 84.8 percent. The ratio of state industry declined.

In more than 16 years of reform, why has the situation of state enterprises still not essentially improved? People concerned believe that until a macroeconomic control system that conforms to the market economy is established, the original enterprise reform measures are clearly limited. First, the emphasis of most of the changes is on government control of enterprises and delineating the authority of the two, but they still have

not made qualitative breakthroughs in separating government and enterprises. Secondly, the emphasis of the changes is on the income distribution system between government and enterprises and the distribution situation, but does not touch on a system for controlling property rights for determining distribution of profits. Thirdly, progress has been made in individual reforms, but they are still lacking a complete set. Another reason that state enterprises are at a disadvantage is that the profit tax assignment of state enterprises is heavier than that of non-state enterprises, leading to inadequate retained funds, a low depreciation rate, and aging equipment.

But with the intensification of reform, state enterprises still have bright prospects and great hope. In 16 years of practice, the vast majority of the surface problems in enterprise reform have been resolved and some deep-seated contradiction are being attacked. And with the progressive establishment of the socialist market economic system and conversion to a macroeconomic control system, some problems that have vexed state enterprises for a long time also are being alleviated and conditions for equitable enterprise competition are increasingly being formed. These all lay a foundation for the next stage of enterprise reform. At the current crucial stage of enterprise reform, there is no reason for us to feel sad or disappointed, and we certainly cannot recoil in fear.

In his *Government Work Report*, Premier Li Peng pointed out some tasks and measures that undoubtedly will further strengthen our resolve and confidence for enlivening state enterprises. For example, the *Report* stressed that "state enterprises typically are large and medium-sized state enterprises and are important mainstays of China's national economy. In the current stage with multiple economic components developing together, state enterprises are principal suppliers of energy, transportation, important raw materials, and technical equipment, and are major sources of income for the state treasury. They occupy a decisive position in the national economy and make a major contribution to the development of the national economy and reform and opening up. In reform and opening up, a group of state enterprises with strong vitality and good results and a good reputation on domestic and foreign markets are emerging in all regions and all industries, indicating that state enterprises can be well-run."

Foreign commentators call China's state enterprises "tigers in the box." We ourselves even more should not overlook state enterprises' position in the national economy because they have a few problems. In the last few years with the relative output value of state enterprises declining, the profit taxes that they achieved made up 66.3 percent of those of all industrial enterprises and their net fixed assets made up 75 percent of those of all industrial enterprises. Especially large and medium-sized state enterprises had composite indicators for economic performance 9.6 percentage points higher than

the average for all industries, a profit tax rate on funds 0.35 percent higher, and a total staff labor productivity more than one third higher. Data reveal that the assets of the 500 largest industrial enterprises in the country make up 37 percent of total state industrial enterprise assets, sales income makes up 46 percent, and profits realized make up 63 percent. So, today as reform continues to intensify, state enterprises, especially large and medium-sized state enterprises, still are the backbone force and a ray of hope for accelerating the development of China's national economy. The country and the people place great hope in them.

[12 Mar p 2]

[FBIS Translated Text] If we say that the previous stage of enterprise reform only resolved some surface problems and the time still was not ripe for further intensification and overall reform, then as we enter 1995 successfully adopting a series of macroeconomic reform measures, the time is finally truly ripe for enterprise reform, and the macroeconomic environment has reached the stage of demanding enterprise reform.

On the one hand, in 1994 positive results were achieved in such macroeconomic reforms as finances and taxes, and monetary and foreign exchange reforms, and enterprise and government and enterprise and external environment relations are increasingly blending.

On the other hand, as regards the enterprises themselves, several problems that interfered with enterprise production and operation have arrived at the point where they must be coordinated with improvements in the macroeconomic environment and be resolved in a deep-rooted manner.

Precisely because of this, Premier Li Peng devoted a considerable amount of space in the *Government Work Report* to talk about the issue of state enterprise reform and stressed that "this year's reform of the economic system should key on reform of state enterprises accompanied by promoting reform of the social security system, consolidating and perfecting macroeconomic control system reform measures, further converting government functions, and developing a market system with continuing advances in the establishment of the socialist market economic system orientation."

Those concerned believe that under the new circumstances the thinking on enterprise reform should conform to the following demands:

1. Give consideration to doing a good job on state enterprises and overall state economic planning. Enterprise reform should concentrate on enlivening the overall state economy, but not concentrate on enlivening individual state enterprises, and through the market utilize preferential allocation of resources and establish mechanisms for rationally circulating assets and sorting out superior and inferior enterprises to ensure that state

assets increase in value, promote structural improvement of the overall state economy, and improve the performance of the overall state economy.

2. Synchronize enterprise reform with improvement in the enterprise environment. Intensification of enterprise reform demands constant improvement in the external environment and calls for complete reform to reach the mark. Reform of such systems as circulation, monetary, and revenue systems also requires that enterprises convert their mechanisms and demands that various objects of macroeconomic control can reflect market information and macroeconomic control signals in a timely and positive manner.

3. Integrate the conversion of operating mechanisms with the establishment of a modern enterprise system. The orientation of state enterprise reform is to establish a modern enterprise system and the basis for the establishment of a modern enterprise system is to convert operating mechanisms. Only when the conversion of government functions and the conversion of enterprise mechanisms reach a certain point will enterprises have the necessary conditions for a modern enterprise system and standards. Only when a modern enterprise system finally replaces the traditional state enterprise system, can conversion of mechanisms reach the mark.

4. Integrate enterprise reorganizing, resystemizing, and updating. Reorganizing means optimum reconstituting of enterprise assets. Resystemizing means achieving an innovative enterprise system based on conversion of enterprise mechanisms. Updating means concentrating the necessary investment and increasing the updating of enterprise technology. The principle way to increase enterprise market activity is to comprehensively achieve enterprise system innovation, administrative innovation, and technical innovation based on optimum realignment of assets.

5. Improved enterprise management is associated with extricating from historical burdens. Currently careless management of state enterprises and low efficiency in asset operations are extremely serious. Constantly improving and enhancing various types of management within enterprises still is an extremely urgent and formidable task, but if enterprises are not extricated from the heavy burden, it will truly be difficult to fully establish operating mechanisms that conform to the laws of the market and modern management.

In carrying out specific enterprise reforms geared to the current situation of state enterprises there is first an urgent necessity to start with the following aspects:

First, resolve actual enterprise problems to lay a good foundation for converting enterprise mechanisms and establishing a modern enterprise system. These problems are mainly:

—To deal with the state enterprise historical debt problem reasonably. The state enterprise debt burden

cannot without analysis be generally exempted, but must adopt multiple forms combining state asset management and operating systems and state investment, monetary, and capital system reform as well as reform to restructure assets and liabilities for across the board study and resolution.

—To resolve the problem of superfluous enterprise staff. The excessive redundant enterprise staffs created over time by "excessive employment" should be gradually resolved by gradual transition, reaching the mark in stages.

—To resolve the social problems that enterprises handle. Separate enterprise logistic service units and social region service functions that enterprise undertake from enterprises.

—To resolve the problem of excessively heavy old age assistance and health care costs and employee housing that state enterprises assume.

Secondly, accelerate the pace of enterprise restructuring and under government macroeconomic control, use the market adjustment function to accomplish the optimum structure and improve the quality of state enterprises. Now it is rather generally believed that relatively good large state enterprises as well as some medium-sized mainstay enterprises can be gradually reorganized into standard companies, taking the lead in establishing a modern standard enterprise system. At the same time, by organizing large enterprise groups make them into a reorganized state enterprise mainstay force. With ordinary medium-sized enterprises, various forms of joint venture mergers can be used and collective or partial joint venture mixed ownership enterprise reforms with the state controlling some of the stocks can be adopted. The large number of small state enterprises can gradually be converted to non-state enterprises by such methods as reorganizing, shares, leasing, or sale, and the state can select some enterprises to gradually recover the capital and orient the investment to other industries, strategically shifting state assets. For state enterprises that have had long-term losses, have no hope of turning around the losses, do not have the funds to offset debts, and have backward production technology and unmarketable products, we must decide to conduct bankruptcy.

Third, accelerate the conversion of government functions and separate government and enterprise responsibilities. This is the key link in establishing a modern enterprise system. By separating government and enterprises, in the future principal investors of state assets may only enjoy the rights and interests of stockholders and will no longer exercise government administrative functions. Colloquially speaking, they will be "owners" and no long be "persons in charge."

In the specific conduct of enterprise reform, we must be active and safe. We cannot conduct it too fast and we certainly cannot hope to be able to force a quick decision. We must look at the many diverse difficulties of

current state enterprises. They were not formed in a short period and it will require a process to resolve them. The resolution of state enterprise problems involves many aspects and it must be comprehensive and complete. In addition, state enterprise reform requires corresponding reform costs, including economic and psychological, and requires that the government and the masses bear them together. So, enterprise reform is a long-term and arduous task. We can only be strategically active and tactically safe and on the basis of conscientious investigation and study, promote it in stages and steps.

The assault of intensified enterprise reform has been fully launched and we are fully confident that we must win.

***Economist's Speech on Current Economic Problems**

95CE0352A Chongqing GAIGE [REFORM] in Chinese
No 1, 20 Jan 95 pp 69-78

[Article by Li Yining (0632 0110 1337): "Make Unemployment, Not Inflation, Top Priority"; report delivered to the Industrial Economics Training Center on 19 October 1994]

[FBIS Translated Text] There are four major problems in economic development that await solution.

First, preserving economic stability. Inflation leads to instability, as does unemployment, so maintaining economic stability includes bringing inflation under control and lowering unemployment. Second, maintaining sustained economic growth. Economic growth is inherent in economic development. Many problems can be solved only when the economy is growing in a sustained manner. Third, balanced inter-regional economic development. Fourth, even distribution of income among individuals, that is, properly handling the relation between equity and efficiency.

I. Inflation

In a purely theoretical sense, inflation means too much money chasing too few commodities. Most analysts overseas believe inflation is driven by any one of three major factors: 1) Demand-led inflation, which happens when aggregate demand, particularly investment demand, becomes excessive; 2) cost-driven inflation, when production costs surge, causing inflation; and 3) structural inflation. Structural inflation occurs when undersupply in some key sectors or weak points in the economy drive up the prices of other products. Most Western economic analysts recognize these three types of inflation. In China, however, we may yet find a fourth type, institutional inflation, the product of institutional factors.

Inflation in China today is essentially institutional, but it is also demand-led, cost-driven, and structural. Let us look at price movements. Since 1994, the prices of such

capital goods as steel and cement have retreated, while those of agricultural products including cereals, cooking oil, pork, and vegetables have risen in the wake of price deregulation. Inflation in China is described as essentially institutional because the macroeconomy lacks a microeconomic base that is compatible with a market economy. Enterprises have no decision-making authority in their operations and are not held accountable for their profits and losses. They do not adapt well to macroeconomic regulation and control by the state. Nor do they assume the risk of investment. Given all that, it is a mistake to simply follow a deflationary policy. There is an ongoing tendency to attribute inflation to too much investment and to follow a deflationary policy, one that calls for belt-tightening on two fronts—fiscal and banking, to boot. A dual-tightening policy may be effective in the short run in curbing inflation caused by overheated investment by dampening inflation demand and stabilizing prices. However, the kind of inflation existent today is institutional inflation—enterprises lack restraining mechanism—and cost-driven inflation, the result of deregulating the prices of farm products. Rolling back investment alone will not work. Cost-driven inflation must be cured at its root. What we should do is raise productivity and boost supply, not cut back on the scale of investment. Compared with 1978, for instance, pork prices have now risen 10 times; hairtail, 15 times; and eggs, four times. The prices of these three farm products have gone up at vastly different rates and the reason is quite simple. A few years ago every municipality invested heavily in mechanizing or semi-mechanizing chicken farms. Consequently, egg supply is now much more plentiful and the prices of eggs have gone up by the smallest margin. In the case of hairtail, in contrast, overfishing has led to depleted resources and prices have shot up most sharply. It is therefore clear that to fight cost-driven inflation, we must increase investment. Only investment can raise labor productivity and boost supply. And only investment can bring about technological transformation and lower costs. There is no other way to tame cost-driven inflation.

Needless to say, inflation nowadays has something to do with excessive investment also. Some localities put together projects thoughtlessly and overextend themselves irresponsibly. They do not assume the risk of investment. Nor are they held accountable for losses and profits. They invest without worrying about the return. However, the resultant inflation is primarily institutional inflation, which is not something a belt-tightening policy can cure. Instead, the real solution lies in deepening structural reform. Rely on the deepening of structural reform, establish a modern investment system, create a modern enterprise system, make investors assume the risk, and hold enterprises accountable for losses as well as profits. This is the only way to prevent some units from launching projects or making an investment carelessly.

Structural inflation occurs when some key sectors (such as energy, transportation, and raw materials) fail to produce enough to satisfy demand, resulting in bottlenecks and in turn driving up the prices of other products. The principal solution here is to adjust the industrial structure and product mix. But there can be no such adjustment without structural reform or increased input. Structural reform can help adjust the existing volume, while investment can adjust or increase assets. In any case, a deflationary policy by itself will not work.

Since inflation nowadays is primarily institutional, cost-driven, and structural, a deflationary policy will not work and may even cause inflation and unemployment at the same time. In other words, unemployment may go up even as inflation remains stubbornly high. The solution lies in deepening structural reform and increasing input. Instead of simply adopting a "dual-tightening" policy, we should combine relaxation with tightening, easing controls one moment, making them more austere the next. That way, even if inflation cannot be brought under control overnight and may in fact climb a little higher before easing off, it will ultimately beat a retreat, either zigzagging or spiralling downward.

Referring to inflation, I once commented that "unemployment is more alarming than inflation." This is not to say that inflation is harmless or that inflation is not alarming. What I meant was that between inflation and unemployment, we should pick the lesser evil. Even in times of inflation, there would be no major social unrest provided people have jobs and are paid on time and provided that their wages are adjusted after a limited time lag. Not so with unemployment. Joblessness and having no income can drive people to despair, leading to a deterioration in social law and order. During the inflation of 1988, people lined up at banks to withdraw money, their own money. Unemployment, on the other hand, may give rise to a different scenario: Hordes of the unemployed, unable to land a job, to stay in the city, or to return to their villages, commit crime everywhere and rob credit unions. In the former scenario, people queued up to withdraw their own money. In the latter, jobless people rob credit unions of their money. There is an essential difference between the two. That is why I say unemployment is even more alarming. Some individuals in the economic community claim, unconvincingly, that those who say "unemployment first" are propagating the "inflation is harmless" theory. By the same token, it is just as unpersuasive to argue that those who want to make the war on inflation our top priority are saying "unemployment is harmless." Many debates in economics cannot be resolved by name-calling. It is not for me to contend that my ideas must be correct. It is up to practice to prove that.

Moreover, inflation was not born yesterday. There has been inflation in China since the late 1950's. What we had in the past was hidden inflation. With price controls being lifted gradually since reform got under way and the open policy was introduced, what used to be hidden

inflation was unmasked and price increases became unavoidable. Also, as domestic prices are aligned with their counterparts on the international market, the prices of primary products will necessarily go up. The economy has been growing rapidly since 1979, with a steady increase in incomes. So living standards have managed to improve even amid rising prices. In economics, there are three indicators of a rising living standard: 1) an increase in household assets. In the past, people had no color TV sets or refrigerators. Now they do. In the past, peasants lived in thatched cottages. Today they live in buildings of two or more stories. 2) "Increase in the percentage of 'old' clothing which is actually quite new," in the words of Kelaipan, a British economist. Some of the clothes now regarded as old are still fairly new. They are considered old only because they are deemed lacking in style, color, or quality. 3) Changes in diet. Dieting is now a common phenomenon in big cities. As living standards rise, things like bran and jizhaozi are becoming more popular. Although the prices of some commodities have shot up 10 times or so since 1978, living standards have gone up across the board. Suppose there was no price deregulation. Suppose domestic prices were not brought into line with those on the international market, the domestic economy had not taken off, and prices were artificially frozen at the 1978 level. Would the national economy have grown as much? Would the people's living standard have risen as rapidly? The key lies in economic development. When the economy takes off, there is hope that every problem can be solved; conditions are in place for solving every problem. The concept we should publicize these days is this: Inflation is unavoidable. As China moves from hidden inflation disguised under price controls to open inflation, we must do our best to keep inflation from getting out of hand.

Some people say that inflation in China is a particularly serious case, noting that when its economy took off, Taiwan had an inflation rate of only 6 or 7 percent. Nor was inflation excessive in Japan, South Korea, Thailand, or Malaysia, they claim. This comparison is misguided. When their economies took off, Taiwan and the other Asian countries had just one mission: development. In contrast, China set out to accomplish two missions: development and "track-changing." The latter refers to shifting from a planned economy to a market economy. If China is to be compared with other nations at all, it should be compared with the former Soviet Union and countries in Eastern Europe. Compared to those countries, China is in the best shape. Inflation in the former Soviet Union and Eastern Europe has been soaring at several hundred percent, even a thousand percent. In China, however, inflation is only a tad over 20 percent. If we put in a little extra effort, and we could bring it down to about 10 percent or so.

We are aware that inflation is bad this way and that, but we would be making a mistake if we are blind to the problems of overdeflation. Carried to extreme, deflation would do even more harm. If credit becomes too tight,

the budget deficit will worsen, state enterprises would not survive, with a corresponding drop in the amount of profits and taxes turned over to the government, and more financially troubled enterprises would fall behind in their loan repayment, dragging one another down and all stuck in a dead end. And unemployment would shoot up. It is thus clear that we should look at inflation at the macroeconomic level this way: Not that inflation is innocuous, but we should choose the lesser evil. Between the two, unemployment is a bigger disaster.

II. About Unemployment

A key barometer of a modernized nation is a rural population making up less than 30 percent of its total population. This is a universally recognized standard. At the present stage, over 70 percent of China's population is rural. To bring this percentage to below 30 percent means removing from agriculture between 100 and 200 million workers, or almost 400 million people if we include their dependents. Estimates are that each year between 10 and 20 million peasants will leave the countryside, to be joined by another 15 million or so new entrants into the labor force nationwide. This means that 20 million jobs or job opportunities must be created each year. To maintain social stability, the state must solve the unemployment problem. Otherwise it will be a destabilizing factor. This is a very real issue.

China's current published unemployment rate of 2 percent is incomplete, made up mainly of young people in townships who are without a job. In reality, however, China's unemployed population has three components: 1) Young people looking for jobs in townships; 2) workers owed wages by state enterprises strapped for cash and workers who are only paid living expenses—although these people are employed, they have no income, so they really belong in the ranks of the unemployed; and 3) peasants who have left the countryside and are out of work. If we include all three components, unemployment becomes a big problem. Developing nations have always made the employment issue their top priority because social stability is at stake in the course of modernization. Unless inflation goes through the roof in the foreseeable future, unemployment should be regarded as the most serious social problem. Unemployment can be solved only through development. To make employment our foremost concern is to make development our foremost concern. Only economic development can create jobs and put people to work.

Employment comes from development. And development provides job opportunities in two ways. 1) With the economy developing, factories become larger in size and hire more people; and 2) as per capita income rises, the consumption pattern changes, also creating more job openings. Enger, a 19th-century German statistician, did a study in Belgium and Germany and found that the poorer the household, the greater the percentage of household income spent on food. As income goes up, however, food expenses declined relatively, with the

balance going to clothing and other items, thus providing job opportunities in the tertiary sector. Mind you, township and town enterprises can only provide so many jobs. Township and town enterprises cannot rely on hiring more workers alone to raise their productivity. The enterprises experienced a spurt of growth and succeeded in capturing a slice of the market earlier because state enterprises were still struggling with technological transformation. If township and town enterprises are to hold onto their foothold on the market after state enterprises are retooled, they must raise productivity, which means they cannot put significantly more people on their payrolls. We must look to tertiary industry to absorb workers en masse. Rising incomes and a changing consumption pattern open the door for development by tertiary industry. The Zhujiang delta in Guangdong is long on population and short on land, but a booming economy not only solved the unemployment problem of the local people but also provided jobs for millions of workers from several provinces, including Guangxi, Guizhou, Jiangxi, Hunan, and Sichuan. Quanzhou city in Fujian Province also created jobs for more than 700,000 out-of-town workers. If these job-creation stories are replicated a dozen times nationwide, unemployment would become a much more manageable problem. We can therefore see that development is more critical. Pursuing stability for the sake of stability will not work. True stability occurs when we seek stability amid development. Bringing prices under control superficially would only lead to a stagnant economy, one that cannot create jobs. Social contradictions would then sharpen.

III. Balanced Interregional Economic Development

Development cannot be balanced on a region-by-region basis. It is not possible to require all regions to develop at the same speed, at the same rate from the start. China can be divided into two parts—coastal and interior—at a minimum. They differ in historical circumstances, in cultural and educational levels, and in the state of their transportation systems. Not only is it impossible for the two parts to develop at the same pace, but the gap is actually widening. When regional disparities widen, it has socially unsettling effects. This problem cannot be tackled artificially by imposing a single policy across the board. Nor will it work to restrict development along the coast. We should realize that labor-intensive industries along the coast will relocate to the interior in the future because capital goods in the coastal region are becoming more and more expensive. As land values climb and labor costs increase, the coast will gradually lose all its advantages and enterprises will move inland. For instance, a number of enterprises in Shenzhen and the Zhujiang delta are in the process of moving to northwest Guangdong. However, this is a time-consuming process; we cannot wait that long.

At present there are three ways to help bring about more balanced development on a regional basis: 1) Formulate the right policies. The less developed a locality, the more preferential its policy should be. The reason is that a

preferential policy promotes the development of productive forces. Armed with preferential policies, the fast-developing coastal region would develop even faster. Without preferential policies, the slow-to-develop interior would fall behind even more. Policies are something the state can control. They can be adjusted. It is within the government's power to encourage the interior to set up development zones with the right preferential policy. 2) Make a major effort to develop the non-public economy. The diversification of the economy suits economic development just fine. The lower its level of productive forces, the harder a locality must work to diversify its economy and develop the nonpublic economy. We used to say: "There is no life without commerce." This saying is only half-correct. Practice proves something else: "There can be no life without the individual economy." Without an individual economy, the market would not be energized, and that is true everywhere. And 3), the interior should make better use of its edge in resources. By exploiting their respective resources depending on local conditions, the localities can attract both domestic and foreign capital. This would bring about more balanced economic development among the regions. By "balanced," we mean the absence of excessive disparities. It would be impossible to close interregional gaps overnight.

Talking about balanced economic development, we must also take a look at the migration of peasant workers. The migration of peasant workers has more pluses than minuses. Actually, peasant workers do not hit the road aimlessly, but they do so in search of job opportunities. The influx of large numbers of workers indeed causes a host of problems in urban management, urban appearance, public health, transportation, and law and order, but it is an unavoidable process. Like the conquest of the west in the United States in the 19th century, it can lead to many social problems. At the end of the westward movement in the United States, however, roads were open to traffic, harbors were open to navigation, and factories and houses were built. Could all of that have happened so quickly without the wave of workers from outside? Some chaos is built into the process, but it can be dealt with through better management and guidance. In short, there can be no market economy in China without the participation of peasant workers. As far as their migration is concerned, we should take a long-term view. Many problems exist today, but they all help narrow the gap between the regions to varying degrees. If peasants are prohibited from leaving the villages in search of work, the interregional gaps will only widen.

IV. Distribution of Personal Income

At the heart of the issue of personal income distribution is the relation between equity and efficiency. In a market economy, people who make contributions to the nation, who work hard, and who innovate and invent should become rich ahead of others. No question about that. However, there are indeed a few people in society who have amassed fortunes through fraud or by abusing

public office to line their own pockets. This is not permissible under a market economy but is the result of its legal imperfections. Provided legal construction is stepped up in the course of building a market economy, this phenomenon can be overcome.

More complicated is the argument by some that "one is better off selling tea-leaf eggs than making atomic bombs." If the person selling tea-leaf eggs runs his business legally, all his earnings, however much he makes, are legitimate, unless of course the eggs are fake, in which case he should be punished. So the key is to raise the incomes of intellectuals and state employees. These days there are two major reasons why intellectuals and public employees are underpaid: 1) The government is strapped for funds. The solution to this problem is raising the profitability of the economy and expanding the tax base, which would automatically boost government revenue. 2) Competition has no place in a planned economy but takes center stage in a market economy. In the final analysis, competition means competition for qualified personnel. When qualified personnel are taken seriously and generate profits, they can then be compensated based on the magnitude of the profits. Otherwise a brain drain would ensue. Is there a market economy anywhere in the world today where tea-leaf egg sellers make more money than scientists? None. Tea-leaf egg sellers do not exist in a planned economy either; they would be eliminated as servile adherents of capitalism. Such a phenomenon is happening in China today because the nation is in transition. While intellectuals and public employees continue to be paid wages as under a planned economy, egg sellers have long switched to the market economy and are making money.

One of the causes of the wide gap in the distribution of personal income is a flawed tax policy. Some tax laws have yet to be introduced. Personal income tax is not being enforced strictly. The principal impediment to income distribution nowadays is still egalitarianism. The widening gap between the rich and poor can be bridged through taxation. But egalitarianism is more resistant to solution. Documents issued by the CPC Central Committee make it quite clear: "Give priority to efficiency while taking equity into consideration." Once efficiency increases, the pie gets bigger and distribution becomes easier.

V. Macroeconomic Regulation

The market is like a blender and government is its overseer. After all sorts of capital goods are put into the blender, the market goes into a self-regulating mode, ultimately allocating resources effectively. The government as the overseer plays three major roles here. 1) It formulates the rules and regulations by which the market operates and ensures its normal functioning. 2) When the market breaks down, the overseer fixes it. In addition, when a dispute occurs in the market, it is the role of the government to play traffic cop and determine who is right and who is wrong. 3) As overseer of the blender, the

government must set the speed at which the machine operates based on the economic situation and engage in some fine-tuning.

We can draw two important conclusions from the blender analogy. 1) The blender's overseer cannot replace the blender; government cannot take the place of the market. It is not for the government to allocate resources. 2) Market regulation is basic regulation, primary regulation. Government regulation is regulation of a higher level, or secondary regulation. In other words, whatever can be resolved by the market should be resolved by the market; problems that the market cannot handle, such as the making of rules and regulations and a market breakdown, should be dealt with by the government.

Government is not omnipotent for the following four reasons. 1) There is only one government but myriad enterprises. Millions of pairs of eyes are watching the government, but the government cannot watch every single enterprise. So the government should realize that its policy will inevitably be circumvented, albeit legally, which is comparable to the practice of taking a round-about route to avoid a red light. Policies can never be all-powerful. 2) There is a limit to the amount of information the government can grasp, whereas between them the millions of enterprises can gather vastly more information. 3) Every policy has side effects. Taxation, for example, generates revenue for the government and can regulate the economy, but excessive taxation damages the enthusiasm of enterprises and localities. Or take interest rates. If they get too high, they become too burdensome for enterprises. If they are too low, the depositors withdraw funds. 4) Government policies become progressively less effective. They are like pesticides. The more pesticides you use, the more resistant the pests become. The same old policy would get less and less applicable over time. In formulating a policy, the government should realize that its effectiveness will diminish progressively.

As far as government regulation is concerned, how does the planned economy really differ from the market economy? Not in the absence or presence of macroeconomic regulation and control. There is a need for macroeconomic regulation and control even in a market economy. They differ in the following several ways. 1) The government is presumed omnipotent in a planned economy. The market plays a merely supplementary role, filling a void here and there. The guiding thought behind a market economy is exactly the opposite: Let the market do everything it can. The government does what the market cannot do. 2) Should there be a "cage" or framework in the economy? Yes. In a planned economy, the plan is the "cage." No enterprise activity can go beyond the "cage"—the plan. In a market economy, the law is the "cage." Enterprises must go about producing and operating within legally prescribed limits, but not outside them. 3) Macroeconomic regulation and control is mainly achieved with economic tools in a market

economy and with administrative tools in a planned economy, where the government directly intervenes by issuing orders.

Some people argue that "a market economy simply means chaos." In fact, there is worse chaos in a planned economy. At the core of planned distribution is the practice of applying quotas to limited resources. In a planned economy quotas are handed out in accordance with the following principles. 1) Egalitarianism, which means that the government distributes limited resources equally among all who need them. The advantage of egalitarianism is that it promotes social stability. 2) History; this is how it works. Take a certain year in the past as the base and distribute resources using the base year as a benchmark. Advantage: it is not controversial. But the trouble with "history" is that honest folks lose out. As a result, "everybody fights to the finish for quotas. There can be no retreat." 3) Goals; this means distributing quotas in order of priorities. Since priority-setting has no scientific standards, everybody scrambles to pull strings and cultivate connections. Consequently, whoever has power gets his way. The planned economy thus becomes a "power economy," an "economy of the wishes of high officials." Besides, the principle of goal is highly arbitrary. When quotas are dished out to those who have "informal notes," official profiteering becomes the order of the day. For this reason, a planned economy may evolve into a "special permit economy" and an "official profiteering economy."

The planned economy does not work like clockwork. What really matters in market competition is whether it is regulated or not. Unregulated competition leads to chaos; regulated competition vitalizes the market. Assuming there are well-established rules governing the market, the more fierce the competition, the more vitalized the market. "As soon as one deregulates, chaos sets in" applies only to an unregulated situation. When market competition is regulated, the relaxation of controls should lead to a more vitalized market.

VI. Public Ownership Playing the Dominant Role

The principle that the public ownership system should play the dominant role must be adhered to in economic reform. But how do we interpret the principle? Let me discuss some of my ideas.

1) Resources are the greatest wealth. Land, forests, underground minerals, water resources, wetlands—all these resources are in the hands of the state or collectives. In other words, they are under public ownership. In the course of reform, we must not permit the privatization of resources. Land leasing, for instance, only involves the transfer of the right to use the land in question but does nothing to change its ownership.

2) Putting a state enterprise on the auction block only entails a change in the form of assets. Assets can take one of two forms: physical assets and monetary assets. Selling off a factory means nothing more than changing the form

of assets from physical to monetary. Even when a public enterprise is sold to a private individual, there is no decrease in public assets. The only change is that a certain quantity of physical assets has been replaced by some monetary assets. As for the individual concerned, his monetary assets have been transformed into physical assets. Whether or not state assets would be lost in the buying and selling of assets depends on whether they are appraised properly. If they are overappraised, the buyer loses. If they are underappraised, the seller loses. So proper appraisal is most crucial. Moreover, the funds derived from the sale of a state enterprise should be earmarked for investment purposes. If we divvy them up privately among a few people or hand them out as bonuses, we will be squandering state assets.

3) When we talk about the public ownership system playing a dominant role, our perspective should be national, not local. A municipality or county along the coast was traditionally regarded as part of the coastal front. It used to be underinvested by the state, so it has few state enterprises. Despite meager state investment, the local population still needed means of livelihood and jobs. They had no choice therefore but to develop the nonstate and nonpublic economy. As a result, the non-state economy accounts for a large chunk of the local economy. We must recognize this situation as an historical fact. If the underrepresentation of the state economy in this and other municipalities and counties is to be reversed today, the state must invest heavily in them, something it cannot do at the moment. Hence the need to develop nonstate enterprises. On a national scale, however, railroads, banks, military industrial enterprises, petroleum plants, iron and steel works, petrochemical companies, and power companies are all state-funded or claim the state as their controlling shareholder. That they are all under state control ensures the dominance of public ownership. Instead of just looking at the share of the state economy in a single county or municipality, therefore, we should examine the whole national picture.

4) Township and town enterprises are an essential component of the state economy. There is no doubt that some private enterprises wary of a change in policy have opted to pass themselves off as township and town enterprises. By and large, however, township and town enterprises are collective enterprises and belong in the realm of public ownership. Shareholding cooperative enterprises also are publicly owned. The cooperative economy is part of the public ownership system as well; it only differs in the extent of public ownership. Moreover, employee stock ownership is also part of the public economy because the ownership of stock by a factory's own workers is consistent with the nature of a cooperative economy.

5) It is wrong to suggest that "as soon as public enterprises are sold, they are lost." As noted above, provided we strictly steer clear of two things—the underappraisal and squandering of state assets, the transfer of state

assets will not cause problems. Mind you, even though they remain in the state economy, some state enterprises cause a loss of state assets and are doing so everyday. It happens this way. Those enterprises do not take depreciation or do not do so to the full extent possible, overvalue their merchandise in the warehouses, and owe money to banks. Doesn't all this cause the loss of public assets? The standardized buying and selling of properties is not a bad thing, but is something that enables public enterprises to develop further. When enterprises barely survive, half dead, half alive, they keep the public ownership system intact on the surface. But if their existence drags on, public assets will be eroded totally.

6) The scope of the public ownership system is expanding gradually as more and more new forms of public ownership take shape. It is hard to say with certainty how many forms of public ownership exist out there. The investment fund is a new form of public ownership. It is created when people pool small sums of money which do not belong to any single individual. After the social security system is reformed, the operation and deployment of pension funds, unemployment insurance funds, and health insurance funds will join the public ownership system as well. To look at public ownership this way is to see a much broader picture. Only by interpreting the public ownership system this way can we expand it.

Also at stake here is the issue of economic reform. The most critical issue in economic reform is property rights, not prices. Under the planned economy, property rights were a mess and state properties were lost endlessly. The final upshot will be the collapse of the public ownership system. In the absence of structural reform, the socialist system will be lost. Only by reforming it can we preserve and advance the socialist system. Only by reforming the system thus can we bring out the full superiority of socialism.

VII. Modern Enterprise System

First, let us talk about direct and indirect short-term fund raising.

Indirect short-term fund raising means taking out short-term bank loans. Direct short-term fund raising means enterprises directly raising funds on the securities market. Xiao Lin Shi, a Japanese economist, thinks that economic development in China should follow the same route taken by Japan. Traditionally Japan relied on indirect fund-raising, primarily bank loans. Only years later when enterprises had grown to a formidable size in the course of economic development did Japan gradually adopt the shareholding system and switch to direct fund raising. Xiao Lin Shi's ideas are highly influential in China.

The development of the securities market and the joint stock company in Japan, it must be pointed out, was driven by the need to enlarge the scale of production and

raise funds. Among private enterprises in Japan, separating government administration from enterprise management was a nonissue because the two have always been separated. The situation in China is different. The main issue confronting China is transforming enterprise operating mechanisms and separating enterprise management from government administration. The primary function of the shareholding system is to effectively transform enterprise operating mechanisms. Under the contracting system, government administration and enterprise management are fused. In theory, the contractor and the contract-awarding party should be on an equal plane. However, there can be no parity between the government, the contract-awarding party, and the contractor. I once used this analogy to illustrate this point. The government is athlete, referee, and the person who amends the rules of the game all rolled into one. This being the case, enterprises have no genuine decision-making power in their operations. Only a shareholding system can solve this problem. In addition, there are differences between Japanese and Chinese banks. Japanese banks are commercial banks which make loans totally guided by profitability. They act like a watchdog over the way enterprises are run. Interest rates are an economic lever in the arsenal of macroeconomic regulation and control; yet they cannot be effectively deployed in China where enterprises eat from the big rice pot at the expense of the state. They borrow when they can. Whether or not they can repay the loan is not a consideration. There are even some enterprises which take out loans with every intention of not repaying them. If you don't intend to pay back a loan, does it matter if interest rates go higher? All this shows that the circumstances in China are not completely the same as in Japan. To transform the enterprise operating mechanism and separate government administration from enterprise management, China must remake its enterprises through the shareholding system and go for direct fund raising.

Below we examine the essence of a modern enterprise system.

The essence of a modern enterprise system is that it establishes enterprise legal person property ownership. There are two misunderstandings about this notion in the public mind. 1) Some people argue that endowing enterprises with legal person ownership amounts to giving away state enterprises. That would be no different from privatization, they say. This misunderstanding springs from confusing legal person with natural person. A legal person is not the same as a natural person. A legal person may be an organization or a body. When we say that the enterprise, as a legal person, has the right to own properties, we mean it has the power to control and dispose of such properties. This has absolutely nothing to do with privatization. 2) Yet others question how state ownership would be realized after enterprises are endowed with legal person property rights. The "Company Law" stipulates that under a modern enterprise system, no investor shall take back his investment and that the enterprise shall control and use its assets to fund

expanded reproduction, to buy outside stock, or to finance its operations. The owners of an enterprise, that is, individuals who have put up capital for it, realize their rights in three ways: 1) As people who have put up capital, they have the right to receive dividends in proportion to their respective stock holdings; 2) as people who have put up capital, they have the right to transfer properties; and 3) as people who have put up capital, they have the right to choose enterprise managers. A tangible expression of such a right is the election by the shareholders meeting of a board of directors and the latter's appointment of the general manager.

It has been demonstrated above that there is no inconsistency between enterprise ownership rights and legal person property rights. Herein lies the essence of the modern enterprise system. In the past, all the talk was about the enterprise having the authority to operate itself; nothing was said about legal person property rights. If enterprises only have the former, it raises the following four issues. 1) Since the state is the owner and the enterprise is a mere operator, the state has every reason to transfer enterprise resources in an egalitarian and indiscriminate manner. 2) Profits earned by an enterprise should be turned over to the state lock, stock, and barrel. As owner, the state returns a portion to the enterprise based on its performance as reward. 3) If an enterprise loses money based on its performance, so does the state. Since the enterprise is a mere operator, there is justification for the state subsidizing a money-losing enterprise. There are two kinds of enterprises under state control, profitable ones and unprofitable ones. The state subsidizes the latter using money collected from the former. 4) When enterprises lose money in a big way, with their liabilities exceeding their assets, the creditors may seek to recover their loans from the owner (state). In other words, the state assumes unlimited liability for enterprises.

In China the modern enterprise basically takes either one of two forms: the limited liability company or the corporation. There are five similarities between the two. In both cases: 1) enterprise management is separate from government administration; 2) property rights are well defined; 3) both enjoy decision-making authority in their operations; 4) both are accountable for their own profits and losses; that is, the investors are accountable for their own profits and losses; and 5) the people who put up capital have limited liability.

The limited liability company and the corporation differ in the following four ways: 1) The number of shareholders. The limited liability company should have no more than two but fewer than 50 shareholders; the corporation, on the other hand, can have any number of shareholders since some may owe their creation to sponsorship, while others come into being through social fund-raising. 2) Their minimum capital is different. The minimum capital of a limited liability company differs from sector to sector. If it is in industry, it is 500,000 yuan; in technical consulting, 100,000 yuan, with no

upper limit. The corporation has a minimum capital of 10 million yuan, or 50 million for a company listed for trading on the stock market. There is no upper limit for a corporation. 3) Their stock takes different forms. A limited liability company does not issue shares. Stockholders agree on the size of their respective holdings through negotiation. A corporation issues shares. 4) Stock holdings are transferred in different ways. In a limited liability company, the transfer of liabilities must be approved by other stockholders, who also have priority to purchase them. In a corporation, the transfer of shares need not be approved by other shareholders. This distinction is most crucial. The first three differences are technical distinctions. This distinction concerns their very nature. It can thus be seen that in a limited liability company, capital is pooled and individuals come together, whereas a corporation simply involves a pooling of capital. Limited liability companies make up the majority of businesses overseas, with corporations constituting the minority. There is a widespread misconception regarding the forms of the shareholding system among people at home, namely that if you want to go the shareholding route, you must set up a corporation, which must then be listed on the stock market. This is not so in fact. A limited liability company can be a success story, and there is no need to turn it into a corporation. To increase its capital, you can look for compatible people as investors, with the entity remaining a limited liability company.

Compared with a limited liability company, the Chinese corporation to date offers two advantages and four disadvantages. The advantages are that it expands the scope within which funds can be raised and enhances name recognition. The disadvantages are: 1) The corporation is vulnerable to the enormous pressure of shareholders hungry for dividends. Stockholders in the company itself and in society at large are fair-weather friends. As soon as the company's margin of profit falls or is less than those of other companies, stockholders in society may scramble to dump its stock. 2) In times of economic retrenchment, the corporation comes under intensified pressure from shareholders eager to lay their hands on its cash. 3) A corporation faces the threat of being bought up by its competition on the market. 4) A limited liability company is required to disclose its financial state to the shareholders. A corporation must disclose similar information openly in the newspaper. In sort, the limited liability company and the corporation each have their pros and cons. An enterprise should choose a variant of the shareholding system based on its own circumstances.

VIII. Some Practical Issues in Converting Enterprises to the Shareholding System

Here I offer some personal opinions regarding three issues: taking care of retired employees, hiving off nonoperating assets, and the standing of employees in a company.

1) What to do about retired employees is a tricky issue in the transformation of enterprises by adopting the shareholding system. The workers of old enterprises built in the 1950's are due to retire en masse, which will create an onerous burden. It would be unreasonable and unfeasible to require the new shareholders to support the retirees. According to surveys, there are two ways in which retired workers are being taken care of these days: 1) Draw upon the dividends on state stock (converting some of the existing assets); and 2) after the appraisal of state assets, set aside a portion as pensions for retired workers instead of converting it into stock. In other words, set up a long-term account payable from which pensions can be paid out each year. This is only reasonable. The retired employees of state enterprises were underpaid for their work for years. Some of the state enterprises now preparing to convert to the shareholding system successfully attained the size they are today because the former employees put up with low wages to build up accumulation for the state and create wealth for society. It would be fair to set aside a share of the state assets today as their pension funds.

2) Hiving off nonoperating assets. The nonoperating assets of an enterprise include the cafeteria, day-care center, nursery, guest house, hospital, and family dormitories. A shareholding enterprise is not interested in size; what it is concerned with is meeting the minimum capital. An enterprise that is big but marginally profitable is not an attractive place to invest. What is attractive is a profitable enterprise which may not necessarily be very large. The nonoperating assets of an enterprise do not create wealth. Include them in the assets of an enterprise, and the enterprise gains in size—to the detriment of its margin of profit. Since new enterprises are free from this kind of burden, old enterprises find themselves at a disadvantage competitively, which is unfair. In the course of converting enterprises to the shareholding system, therefore, we must hive off their nonoperating assets.

There are currently several approaches to hiving-off. The first approach is available to companies which are subsidiaries of a group. When these companies set up a modern enterprise system, they all hive off their nonoperating assets to a separate service company within the group. The service company enters into a contract with the other companies in the group under which it will continue to provide the services in question. The service company will continue to use the related assets and service facilities. The employees of the service company are removed from the other companies but not from the group. This arrangement inspires social confidence. The group channels part of the profits turned over by the companies to the service company as compensation. Under the second approach, all services which are oriented toward society, such as running a cafeteria or guest house, should be allowed to do business with the outside world, turning themselves into tertiary enterprises that have decision-making authority in their operations and are accountable for their own profits and losses. The

enterprise may then buy its stock and sign contracts with it. In the case of services, such as schools and hospitals, which cannot be externalized or which cannot be held accountable for their profits and losses, they should be turned over to the local authorities, if possible. Alternatively, they may be incorporated into the local school or health care system and run jointly with the local government, with the enterprise providing an appropriate amount of subsidies. The third approach has to do with hiving off employee living quarters, which is more difficult. One solution is to carry out assets appraisal first. After the appraisal, they may be turned over to the local administration of state properties for management. To use the services in the future, the enterprise must pay an assets use fee of a specified amount to the local administration of state properties. But these assets will not form part of enterprise assets.

It must be recognized that hiving off an enterprise's nonoperating assets is a difficult issue. The older the enterprise, the greater the difficulty. We need to acquire more experience in this area.

3) The standing of employees in a shareholding enterprise. Why is this an issue? The Company Law says that wholly state-funded enterprises and limited liability companies in which the state is the sole investor should set up a worker representative assembly but is silent on whether other types of shareholding enterprises should set up a similar body.

Why is it necessary for the wholly state-funded enterprise to set up a worker representative assembly? Because the wholly state-funded enterprise has no shareholders meeting and its board of directors is appointed by the state. Hence it is necessary for the worker representative assembly to elect its own directors to run the company jointly with the state-appointed directors. The decision not to set up a worker representative assembly in a shareholding enterprise which has nonstate shareholders is prompted by a desire not to create two power centers. Does it therefore mean that employees have no standing in such an enterprise? In theory, it is by electing deputies to the people's congress and choosing the people's government that the working people become the masters of the nation. This issue cannot be confused with the matter of setting up a worker representative assembly. When a shareholding enterprise cannot create such an assembly, how can its employees play their role? In three ways: 1) Make the best use of labor unions. The company must consult with the labor union on major issues. 2) Some members of the board of supervision should be chosen by the shareholders and some by the workers. The former's main concern is to monitor the company to prevent it from infringing upon legitimate rights and interests of shareholders. The latter monitors the company with a view toward making sure it pays attention to such issues as labor insurance, wages, benefits, and industrial safety. 3) In cases where employee stock ownership is permissible, workers can collectively choose a delegate to attend the shareholders meeting.

Workers can still play a full role in the shareholding enterprise through these three channels.

Foreign Trade & Investment

Jiang Zemin Meets With Merrill Lynch Chairman

OW2804074395 Beijing XINHUA in English 0727
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Chinese President Jiang Zemin met with Daniel P. Tully, chairman and chief executive officer of the Merrill Lynch Company Inc. of the United States, here today.

Tully briefed Jiang on Merrill Lynch's business operations in China and said that his company would continue to raise fund for China's economic construction. Jiang expressed high appreciation for Merrill Lynch's aspiration for long-term co-operation with China in the financial field.

Chinese Finance Minister Liu Zhongli was present on the occasion.

Tully arrived here April 27 as a guest of the Chinese Ministry of Finance. Merrill Lynch, the leading securities company in the United States, launched its representative office in Shanghai in March 1993, becoming the first Wall Street financial organization to be represented in New China.

Over the past few years, Merrill Lynch has provided a total of five billion US dollars to relevant Chinese Government departments, financial organizations and enterprises.

NPC Vice-Chairman Meets With U.S. Businessmen

OW2804083795 Beijing XINHUA in English 0809
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Wang Guangying, Vice-Chairman of the Chinese National People's Congress (NPC) Standing Committee, met with Thomas Gorman, chairman of the American Chamber of Commerce in Hong Kong, and his party here this afternoon.

Gorman and his party are here for a visit at the invitation of the China Council for the Promotion of International Trade.

Trade Unions Seminar on Foreign Firms Opens

OW2804034795 Beijing XINHUA in English 0115
GMT 28 Apr 95

[FBIS Transcribed Text] Tianjin, April 28 (XINHUA)—China's trade unions have been doing a good job in protecting workers' interests during the period of reforms and opening-up, according to an international

seminar on trade unions in foreign-funded enterprises in north China's port city of Tianjin.

The seminar, sponsored by the All-China Federation of Trade Unions, is considered by many the most important such meeting since China began its reforms and opening to the outside world.

During the past decade, China's trade unions have participated in legislation concerning workers' rights. Among China's more than 500 economic laws and regulations connected with foreigners, all those concerning workers' rights were made with trade union participation. This was especially true of the Trade Union Law passed in 1992 and the Labor Law passed last year.

China's Trade Union Law stated that participating in or organizing a trade union is a "sacred right" of workers in foreign-funded enterprises.

For purposes of establishing a trade union in foreign-funded enterprises, China's trade unions also insisted on "three whiles":

Setting up of trade unions should be written into a company's charter while the company is being set up;

Preparations for a trade union should be done while those for the establishment of a company are being done;

A trade union should be set up when a company opens for business.

Statistics show that 81.5 percent of China's foreign-funded enterprises opened after 1992, by which time 29,500 trade unions were set up. By the end of 1994, there had been 32,000 trade unions in foreign-funded enterprises, or 40.6 percent of the enterprises.

China's trade unions have taken an active part in pushing for labor contracts in foreign-funded enterprises. They have helped workers to sign contracts with the companies concerning such things as standards, working hours, work conditions, and salary.

To the surprise of many involved, the heads of trade unions have also been given the right to participate in board of directors' meetings and in office meetings of general managers.

In some foreign-funded companies, trade unions have signed contracts with the company covering the entire Chinese staff. Some labor unions have also acted as mediators in labor disputes.

Beijing To Host World Auto Electronics Exhibition

OW2804072395 Beijing XINHUA in English 0655
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—The '95 Beijing International High-Tech Auto Electronics Exhibition (BIHTAE) will be held at the Beijing

Exhibition Center on November 15. It will be the first large-scale international exhibition of high-tech auto electronics ever held in China.

The exhibition is jointly organized by the Ministry of the Electronics Industry and the China National Automotive Industry Corporation.

Zhang Xijin, director of the preparatory office for the exhibition, said that at the exhibition Chinese and foreign auto and auto electronics makers will exhibit their high-tech auto electronic products, and introduce development trends.

Auto electronic technologies have been adopted in engine control, power transmission, steering system, brakes, chassis control, temperature control, trouble diagnosis and many other aspects.

Statistics show that in 1993 the sales amount of world auto electronic products totalled 13.5 billion US dollars-worth, and the value of electronic products used in each vehicle is 1,400 US dollars on average. The total sales amount of world auto electronic products is expected to exceed 50 billion US dollars by the year 2000.

Sources said that in the coming few years the development of auto electronic technologies, traffic safety information systems, expressway auto charging systems, telecommunications systems and some other high-tech electronic industries will be especially stressed. By the end of the century the total output value of China's auto electronics industry is expected to exceed 10 billion US dollars.

To cater to the growth of China's auto electronics industry, the exhibition will be made a regular occasion, starting from this one. In addition, preparations for the establishment of the China Association of the Auto Electronics Industry are under way.

Hebei Brings In Steady Flow of Overseas Investment

OW2704140895 Beijing XINHUA in English 1314
GMT 27 Apr 95

[FBIS Transcribed Text] Shijiazhuang, April 27 (XINHUA)—Hebei Province scored a nearly 71 percent increase in the amount of foreign investment actually utilized in the first quarter of this year compared with the same period last year.

An official of the Department of Foreign Trade and Economic Co-operation under the provincial government said that during that period Hebei brought in 126.68 million US dollars of overseas funds, 70.8 percent more than in the same period in 1994.

By the end of March 1995 some 5,021 foreign-funded firms had been set up in Hebei, and 1,898 of them are now operational, the official said, adding that 92 went into operation in the first three months of 1995.

The average amount of foreign investment in each of the newly approved projects in the province increased to 1.17 million US dollars from 552,000 US dollars in the same period of 1994.

Among the newly-contracted enterprises, 26 are solely foreign-financed firms, which accounted for 20.6 percent of the total, showing an increase of 10.4 percentage points, the official said.

Foreign-funded companies in Hebei exported 94 million US dollars-worth of goods during the January-March period, up 72.5 percent, he said.

Shanghai Shuts Down 140 Foreign-Funded Ventures

OW2704135495 Beijing XINHUA in English 1316
GMT 27 Apr 95

[FBIS Transcribed Text] Shanghai, April 27 (XINHUA)—The municipal government of Shanghai has revoked the business licenses of over 140 foreign-funded ventures since last year, as their capital funds failed to arrive long after registration.

Shanghai will take the availability of capital funds as a precondition for providing services for foreign-funded enterprises, said an official from the municipal foreign investment management committee.

The management of joint ventures, especially supervision of the actual use of foreign funds, will be strengthened, said the official.

His committee, together with the Municipal Industrial and Commercial Administration, will supervise the arrival of foreign capital for enterprises approved over the past two years, and establish a system to strengthen such management.

Specific measures will be taken to encourage foreign investors to put their funds into actual use. Business licenses will be withdrawn if foreign-funded enterprises fail to receive their contracted capital funds one month after the deadline.

Enterprises involving illegal or illicit business activities will be rectified, fined or even ordered to shut down.

The committee will help foreign-funded ventures to get funds from the Chinese side by means of seeking loans from banks and other financial institutions.

Shanghai has approved more than 11,800 foreign-funded projects, with their contracted investment totaling 25 billion US dollars over the past 16 years. More than half of them have gone into operation with an actual use of 8.5 billion US dollars.

Over 80 percent of the foreign-funded enterprises in Shanghai are profitable, taking the lead among other municipalities and provinces.

Yunnan Puts Foreign Investment in Mining Industry

OW2704140495 Beijing XINHUA in English 1310
GMT 27 Apr 95

[FBIS Transcribed Text] Kunming, April 27 (XINHUA)—Yunnan Province in southwest China is taking the lead in the country by introducing large sums of foreign investment to exploit local minerals, according to local officials.

A series of preferential policies have been drawn up by the provincial government to encourage overseas investment in the minerals sector, they said.

Since September 1993 the province has signed five co-operation contracts in the sector with overseas business people. Investors are mainly from Hong Kong, Canada, Australia and Malaysia.

Yunnan is rich in mineral resources. Of the more than 120 kinds of mineral deposits found in the province, 52 are among the top ten in reserves in the country. In addition, the deposits of non-ferrous metals in the province account for about one fifth of the country's total.

Agriculture

Chen Junsheng Addresses Agriculture Meeting

OW2704133795 Beijing XINHUA Domestic Service in Chinese 1425 GMT 24 Apr 95

[By RENMIN RIBAO reporter Liang Xiaoqin (2733 1420 3830) and XINHUA reporter Wang Yi (3769 3015)]

[FBIS Translated Text] Chengdu, 24 Apr (XINHUA)—A National Experience Exchange Meeting on Comprehensive Agricultural Development opened in Chengdu today. Vice Premier Jiang Chunyun sent a congratulatory letter on behalf of the CPC Central Committee and State Council. State Councillor Chen Junsheng attended and made an important speech.

Jiang Chunyun said in his letter: Comprehensive agricultural development is an important constituent of China's agriculture and agricultural work. The CPC Central Committee and State Council take it very seriously and have high hopes for it. In a break with traditional patterns of comprehensive agricultural development, we have explored a path for comprehensive agricultural development suited to China's national conditions over the past seven years. Practice has shown that comprehensive agricultural development has played an important role in improving the basic conditions of agricultural production, raising overall agricultural productivity, increasing the supply of essential agricultural goods, and boosting farming income; it is an effective way to speed up China's agricultural modernization. Over the next six years, comprehensive agricultural development should play an essential role in increasing

grain output by 100 billion jin and achieving the goal of securing a prosperous livelihood for farmers. He urged party committees and government at all levels to be fully aware of the importance of comprehensive agricultural development and to attend to it as an important task in boosting agriculture and agricultural work.

State Councillor Chen Junsheng pointed out in his report: China's agriculture and rural economy have maintained robust momentum in development since we entered the 1990's. Grain output has topped 900 billion jin. In spite of natural disasters last year, we still had a good harvest of grain and cotton crops. Vegetable production has increased steadily. The rural economy has grown in a comprehensive manner and farming income has risen by a rather large margin. Comprehensive agricultural development represents—under the precondition of upholding the household responsibility system with remuneration linked to output—a major undertaking aimed at transforming conditions for agricultural production nationwide by mustering state funds and resources to develop and improve whole regions to high standards. It will have major, immediate, and far-reaching historic significance in changing the fragile agricultural base, raising the material, technical, and equipment standards for agricultural modernization, developing large-scale production, promoting a flourishing rural economy, and ensuring the supply of essential goods. It is not a contingency plan or stopgap measure; rather, it is a long-term task that will play an essential role in agricultural development.

Chen Junsheng stressed that comprehensive agricultural development has some special characteristics not to be found in conventional agricultural development. It aims to transform low- and medium-yield farmland and raise the overall production capacity of such principal farm products as grain, cotton, oil-bearing crops, meat, and sugar-bearing crops. It upholds government participation, but also takes into account the guidance role of the market; it aims to raise both agricultural output in the short term and strengthen agriculture for continued growth. As for existing funds for agriculture, funds for comprehensive agricultural development, which are being managed by projects and therefore are free from the constraints of departmental segmentation, should all be spent on agriculture to help closely integrate the goal of raising agricultural output and farming income.

It has been learned that China made great headway in comprehensive agricultural development from 1988 to 1994. The nation transformed 148 million mu of low and medium-yield farmland and reclaimed 18.92 million mu of wasteland for farming. As a result, the nation's grain output increased by 47.6 billion jin, or 40 percent of the grain output increase in that period. Meanwhile, cotton output rose 11.52 million dan; oil-bearing crops, 1.46 million metric tons; meat, 900,000 metric tons; sugar-bearing crops, 15.27 million metric tons; thereby greatly alleviating the contradiction between the supply and demand of agricultural products. Moreover, comprehensive agricultural development has also brought huge

tangible benefits to farmers. The average annual increase of farming income in the comprehensive agricultural development zones is 260 yuan; the figure is as high as five to six hundred yuan in some areas, far surpassing the rates that can be attained by conventional agriculture.

Speaking of the tasks and demands over the coming six years, Chen Junsheng pointed out: The nation must increase grain production capacity by 100 billion jin between 1995 and 2000. Half of this task—that is, an additional production capacity of 50 billion jin of grain—will be accomplished through comprehensive agricultural development. To attain this target, we will have to transform 187 million mu of low and medium-yield farmland and reclaiming 15.2 million mu of wasteland for farming. As for the layout of development, we should implement the strategy of “upgrading the east, developing the west, and concentrating on central China”—that makes the Huanghe-Huaihe-Haihe Plain, the Northeast Plain, plains in the middle and lower reaches of the Chang Jiang the state's top priority.

Chen Junsheng said: At present, we should do work in the following six areas well: First, we should improve planning, feasibility appraisal, and approval procedures of projects and give priority to areas that have the potential to raise grain, cotton, and oil-bearing crops output. We will persist in transforming of low and medium-yield farmland and give top priority to raising grain output. In promoting comprehensive agricultural development in the future, we will implement a target responsibility system for major agricultural products that links investment to agricultural production, especially the increase in exports of grain or a drop in grain imports. Second, we should ensure timely allocation of funds for development; local governments at all levels must see to it that supplementary funds are appropriated in full as the policy requires. Agriculture development banks must also ensure all the special credits are made available in good time. Third, we should gradually establish mechanisms to develop a revolving, open, and operational style. Fourth, we should pay close attention to key serial development projects. Fifth, we must increase the weight of science and technology in comprehensive development. In comprehensive agricultural development zones, we should try to incrementally raise to 50 percent the volume of products produced with advanced technology, and make these zones play a demonstrative role in popularizing new technology. Sixth, we should step up leadership and strengthen the command structure. In the course of restructuring local organs, departments in charge of comprehensive agricultural development can only be strengthened, not weakened.

The meeting was attended by officials of the relevant central and state organs, relevant financial departments, and the provinces, autonomous regions, municipalities directly under the central government across the country.

Jiang Chunyun Stresses Antidrought Campaign
HK2804072295 Beijing CHINA DAILY in English 27 Apr 95 p 1

[Article by Guo Nei: "Push Is on To Ease Drought"]

[FBIS Transcribed Text] The government has urged local authorities to step up the drive against the drought in a bid to ensure spring cultivation and work for a successful harvest this summer, said official sources in Beijing.

Vice Premier Jiang Chunyun reiterated the importance of anti-drought drive, in the wake of reports on the worsening drought across many parts of China.

Vast areas in northern China have suffered from protracted dry weather, registering rainfalls 50 per cent to 80 per cent less than normal.

Moreover, excessively strong winds and high temperatures have depleted the soil's moisture content, aggravating the situation.

A total of 14 million hectares of cropland have suffered from the drought, and nearly 10 million people and 4 million domestic animals lack adequate drinking water, officials said.

Weather forecasts say little rain is expected in the near future.

The State Flood-Control and Anti-Drought Headquarters have called on local governments to be prepared for a protracted battle against the drought and to coordinate with each other in the fight.

In areas of severe water shortage, priorities should be given to projects focusing on supplying sufficient drinking water.

Governments at all levels will be held responsible for the fight against drought or floods in their area, headquarters officials said.

Local authorities have already channeled 18 billion yuan (\$2.1 billion) into water conservation projects over past six months said Zhang Chunyuan, Vice-Minister of Water Resources.

As a result, 666,000 hectares of irrigation area was added to their areas, and the irrigation for 3.5 million hectares of land has been improved.

A total of 11.3 million hectares have been irrigated for the spring and summer cultivation.

Meanwhile, according to the Xinhua News Agency, a 10-month-long drought has severely affected 660,000 hectares of farmland in East China's Anhui Province, and residents are trying their best to protect crops.

The province had planned to grow 1.2 million hectares of rice this year, but its large and medium-sized reservoirs could only irrigate 400,000 hectares of rice. The rest has to depend on other water sources.

The province has so far pumped nearly 100 million yuan (\$11.8 million) into the fight against drought. An additional 9 million yuan (\$1.1 million) have been taken from provincial revenues to upgrade technology at pumping stations, and 3 million yuan (\$350,000) taken from the Governor's Preparatory Foundation has gone into the struggle.

Urges Continued Efforts

OW2704180495 Beijing XINHUA in English 1736 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Vice-Premier Jiang Chunyun today called on local governments to step up their efforts in the struggle against drought to ensure the spring planting.

Jiang, who is in charge of agriculture, spoke on a teleconference held by the State Council on a national drive to combat drought and to guarantee a successful harvest this year.

Vast areas in northern China are suffering from a long dry spell, with a total of 14 million ha of farmland across the country having suffered from drought, Jiang said.

It is essential that local authorities pay close attention to minimizing the effects on agriculture that the natural disasters may produce, he noted.

Localities must prepare themselves for a protracted battle against drought to guarantee the spring planting and must work for a successful harvest this year, the vice-premier said.

He stressed the point that steps should be taken to support agricultural production and a good job of supplying farming funds, materials, and technology should be done. More technical personnel will be sent to rural areas to help with technological training and give farmers further instruction.

Jiang also urged people to pay close attention to the lives of people who have suffered from disasters to be certain that they have sufficient food and clothing.

Agriculture Seen Key to Northwest's 'Takeoff'

OW2704124295 Beijing XINHUA Domestic Service in Chinese 1154 GMT 4 Apr 95

[By reporters Wang Chunsheng (3769 2504 3932) and Shi Haibo (1597 3189 3134)]

[FBIS Translated Text] Xian, 4 Apr (XINHUA)—Where is the key to solving the problem of Northwest China's economic takeoff, with its economy lagging far behind the east and coastal areas? The consensus reached by party and government leaders from Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang is this: Agriculture is the takeoff point for the great Northwest China.

Agriculture Should Not Be a Drag on the Economy in Northwest China

Wang Lequan, acting secretary of Xinjiang Uygur Autonomous Regional Party Committee, said agriculture is an important point that distinguishes the east and coastal areas from Northwest China. For example, agriculture is comparatively advanced in areas such as the Chang Jiang Delta, Zhujiang Delta, and Shandong peninsula, which ensures rapid economic growth in these areas. Therefore, to promote economic takeoff in economically backward Northwest China, we must lay a solid foundation for agriculture.

Yun Xiaosu, vice governor of Gansu Province, explained the importance of agriculture for Northwest China from various perspectives. He said: Restricted by a backward agriculture and rural economy, low income for peasants, and other factors, localities have a hard time developing industry, deepening reform, and promoting the market economy.

Vice Governor Wang Shuanxi of Shaanxi Province, Vice Chairman Zhang Heng of Xinjiang Uygur Autonomous Region, Vice Governor Ma Yuanbiao of Qinghai Province, and others also talked about agriculture as having a special status in Northwest China from various points of view. Wang Shuanxi said: Take light industry in Shaanxi as an example, it simply cannot survive without agriculture because the output value generated by light industrial enterprises whose raw materials come from farm products, accounts for more than 60 percent of the total output value generated by light industry as a whole in the province. He continued: Urban and rural residents in Northwest China have a relatively low income and people are less able to shoulder the burden caused by price increase. Agriculture, being a fundamental factor in stabilizing commodity prices, becomes even more important. Zhang Heng said: In recent years, peasants' income in Xinjiang has increased mainly because of agriculture, particularly cotton. Therefore, in a bid to move toward a relatively comfortable life and improve the rural economy in Northwest China, we should mainly rely on agriculture.

Northwest China: A Fertile Land for Developing Agriculture

Party and government leaders from Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang held that after decades of hard struggle, conditions for agricultural production in Northwest China have been greatly improved. Since the founding of the republic, more than 25 billion yuan of funds have been used for irrigation, water conservancy, and other agricultural capital construction projects, with an investment of around 400 million yuan a year. More than 200,000 main and tributary water channels, 20,000 irrigation pump stations, 2,300 large- and medium-sized reservoirs, and 30,000 ponds have been built, covering an effective irrigation area of more than 100 million mu. More than 40 million mu of terraced field and non-irrigation basic farmland have

been developed. Loss of soil and water on more than 140,000 square kilometers of land has been stopped. These achievements have laid a good foundation for agriculture. Recently, five provinces and regions in Northwest China have reaped bumper harvests for several years in a row.

The northwestern region is imbued not only with the basic conditions but also the potential for developing agriculture. First of all, the region abounds in arable land resources. According to data provided by leaders of the five provinces and autonomous regions, Xinjiang has 150 million mu and Qinghai over 8 million mu of undeveloped land suitable for farming; while Gansu, Ningxia, and Shaanxi also have several million mu of undeveloped land that can be cultivated. Second, the region has relatively rich resources of surface and ground water. In addition to the Huang He, which runs through Shaanxi, Gansu, Ningxia, and Qinghai; and the Wei He, which meanders through Gansu and Shaanxi, the region has other water resources. Xinjiang Vice Chairman Zhang Heng said: The autonomous region has numerous small and medium rivers and several major ones; the Ili He and Ertrix He alone have 28 billion cubic meters of water, of which only some 4 billion cubic meters have been harnessed.

Leaders of the five northwestern provinces and autonomous regions also conducted a dialectical analysis of the region's natural environment of arid and cold highlands, noting their positive as well as negative effects. Shaanxi Vice Governor Wang Shuangxi said that the loess plateau north of the Wei He is not suitable for grain crops, but it has the best soil for growing apples and other fruit. Qinghai Vice Governor Ma Yuanbiao noted that the province's cold highland is an ideal place for growing rape. Xinjiang Vice Chairman Zhang Heng pointed out that the autonomous region's natural environment is extremely favorable for cotton, and Xinjiang posts the highest average per-unit cotton yield in the country. Fostering strengths and circumventing weaknesses to transform unfavorable factors into favorable ones has become the choice of rural areas throughout the northwestern region.

All Five Provinces and Autonomous Regions Have Adopted Unique Measures for Developing Agriculture

Discussing the future development of agriculture, party and government leaders of the northwestern region pledged to do everything they can to push agriculture forward.

In view of their identical or similar natural environment, party and government leaders of the five provinces and autonomous regions emphasized the need to persist in improving the conditions of agricultural production. All the five provinces and autonomous regions have adopted unique measures for developing agriculture:

Wang Lequan, acting secretary of the Xinjiang autonomous regional party committee, said: The autonomous

region has adopted a principle "of stabilizing grain production while increasing cotton output, and of optimizing production structure." In line with this principle, the autonomous region has exerted every effort to increase the per-unit and total yield of grain. As for cotton, efforts must be made to increase its sown area and total output because cotton, with its high yield, high quality, and high efficiency, is a strength of Xinjiang's agriculture.

Ningxia Vice Chairman Zhou Shengxian introduced the autonomous region's principle of "grasping two hands," that is, "developing mountains on the one hand and harnessing rivers on the other, and using river water resources to develop mountains and achieve common development." In line with this principle, the autonomous region has implemented two major programs. One of them, the "program on developing the river valley," is aimed at setting up high-standard, high-grade model agriculture zones that develop toward a pattern of high yields, high quality, and high efficiency in 11 counties and cities along the Huang He in six years. The other is the "fortifications-storming program to assist the poor" in the southern mountainous areas.

Qinghai Vice Governor Ma Yuanbiao said: The province is determined to carry out several projects under the guidelines of "increasing per-unit yield, stabilizing cultivated land, constructing production bases, and building up stamina for future development." One of the projects is aimed at building 3 million mu high-yield farmland, popularizing dry farming techniques on 2 million mu crop land, setting up 300,000 mu seed fields, and growing multiple crops in 100,000 mu land.

Yan Haiwang, secretary of the Gansu provincial party committee, focused his discussion on developing high-yield, high-quality, and highly efficient agriculture. He noted that Gansu has great potential for developing such agriculture. He added: With our rich land resources and unique natural environment, the province can develop animal husbandry, forestry and fruit, fishery, diversified management, mining, and processing industries.

Shaanxi Vice Governor Wang Shuangxi said: The entire province should strive to industrialize its agricultural economy as soon as possible. We will systematize and set up an industrial chain of developing, producing, processing, and marketing the south's silk cocoons, tea, and mushrooms; the central plain's vegetables, cattle-raising, kiwi fruits, and cage-raised chickens; and, the north's apples, flue-cured tobacco, dried fruit, and minor food grains other than wheat and rice.

Guangdong Creates More Farmland

OW2704141195 Beijing XINHUA in English 1307
GMT 27 Apr 95

[FBIS Transcribed Text] Guangzhou, April 27 (XINHUA)—South China's booming Guangdong Province this year has turned some 32,000 ha of idle land into

cultivated soil as part of its efforts to stem the dwindling of farmland owing to industrialization, according to Zhu Senlin, governor of the province.

To achieve this purpose, the province has dispatched over 30,000 people and allocated over 200 million yuan (about 23.52 million U.S. dollars), the governor disclosed.

In addition, four golf court projects have been cancelled in order to return land to farming.

The province has also issued a circular calling for strict control on the use of farm land for construction and for severely dealing with those who leave land idle because of delays in construction.

Over the past three years an alarming 33,333 ha of land has lain idle in Guangdong, with over 15,333 ha being taken by non-agricultural constructors and the rest abandoned by farmers.

Meanwhile the province has been striving for self-reliance in grain for foodstuffs, although it will continue to rely on grain from other provinces for fodder and industrial purposes.

Its grain output this spring increased by over 120,000 tons compared to the same period of last year.

Guangdong Plants More Early Rice This Year

HK2804072095 Beijing CHINA DAILY in English 27
Apr 95 p 3

[Article by Wang Rong: "Province Plants More Rice Shoots This Year Than Last"]

[FBIS Transcribed Text] Guangzhou—Fueled by expanding farmland, South China's Guangdong Province has completed planting early-season rice shoots.

By April 20, the Grain Rain season in the traditional Chinese lunar calendar, the province had planted about 1.06 million hectares of rice shoots.

It was 20,000 hectares more than the same period last year and accounted for 85 percent of target, said an official from Guangdong Agriculture commission.

"Local government spent more efforts this year pushing forward the grain yield," he said.

All cities and counties have finished planting except the north part of the province which suffered from drought and poor quality land.

Statistics found that from January to April nearly 2.16 million hectares of land were planted with different types of crops, 40,000 hectares more than the same period in 1994.

Apart from rice, the region planted other spring crops, including sugarcane, peanuts and corn.

Although Guangdong reaped a record grain harvest of more than 20 million tons in 1994, it is continuing to pay more attention to agriculture in a bid to catch up with its industrial growth.

A major move was to keep grain farmland at 5 million hectares this year.

Measures were taken to turn part of the idle land into farmland by April 10.

It's estimated that 667,000 hectares of farmland were lost during 1991-93, said the official.

Meanwhile, the province set a rule saying that, from this year, the annual input in agriculture should account for at least 12 percent of provincial expenditures.

The official said more than 50 million yuan (\$6 million) will be invested this year to build another 15 agricultural production bases to boost grain yield.

Guangdong Boasts of Rejuvenating Idle Farmland

HK2804081295 Hong Kong SOUTH CHINA MORNING POST in English 28 Apr 95 p 8

[By Chan Wai-Fong in Guangzhou]

[FBIS Transcribed Text] Guangzhou officials say more than 30,000 hectares—85 percent—of the province's idle farmlands have been returned to agricultural production in the past month. This comes after an all-out campaign launched by the province this year to stop the continuous decline of arable land and to boost agricultural production.

For three successive years during 1991 to 1993, Guangdong suffered a declining grain yield and a total loss of 667,000 hectares of arable land due to industrial development.

Shen Peng, deputy director of the Guangdong Provincial Lands Department, said that as a result of the campaign, farmlands under rice production this spring totalled 1.2 million hectares, about 20,000 hectares more than the same period last year. But observers said the campaign was carried out in such great haste that it was unlikely to yield good harvests, much of the idle land not being suitable for farming because irrigation facilities have been seriously damaged. On some reclaimed land construction work had been started.

"Cultivation has to wait until the soil is 'ripe'. And it is a matter of months or years," one observer said. "Some

farmers do it in a wishy-washy way just to entertain the officials, to avoid punishments, or to get the subsidies and free seedlings provided by the Government." But Mr Shen said the problem was not serious although he added that: "Quality will be relatively poor because spring planting is very time-restricted and some (farmers) are halfhearted".

According to Mr Shen, 35,935 hectares of idle land had actually been registered, more than doubled the original estimate of 15,483 hectares. But many farmers had left for better paid jobs in factories.

'Spark Plan' Promotes Agriculture in Liaoning

OW2804035595 Beijing XINHUA in English 0231 GMT 28 Apr 95

[FBIS Transcribed Text] Shenyang, April 28 (XINHUA)—The "Spark Plan" has boosted agriculture remarkably in Liaoning Province by taking science and high-tech to the vast rural areas.

Since the plan, aimed at promoting the local economy, was introduced to this northeast China province in 1986, a total of 810 projects invested in by the central and provincial governments have been carried out, helping increase the province's agricultural output value by 2.4 billion yuan (about 280 million U.S. dollars) and pre-tax profits by 600 million yuan, and generating 104 million U.S. dollars in export earnings.

After tackling the technical problems concerning breeding crab fry by artificial means in sea water and ponds, Panjin City built 19 fry breeding ponds covering 15,000 cu m in 1993, which produced 8.856 million kg of fry, accounting for half of the total national output, with crab output reaching 1,800 tons. This helped local peasants, whose farmland consists of low-yield saline-alkali soil, become well-off.

With the help of the "Spark Plan," the Xinchengzi Pharmaceutical Factory, a rural enterprise near this provincial capital, developed a series of new medicines, making itself one of the 500 enterprises with the best economic returns in China.

A rare earth materials factory in Liaoyang County got support from scientific research institutes through the "Spark Plan" to become the first plant to produce rare-earth materials in China, earning 4.9 million U.S. dollars from exports and turning in 4.2 million U.S. dollars in taxes for two consecutive years.

East Region

Lu Rongjing Speaks at Anhui Organization Meeting

OW2704130795 Hefei ANHUI RIBAO in Chinese 6 Apr 95 pp 1, 2

[Article by Anhui provincial radio reporter Zhang Guoshe (1728 0948 4357) and ANHUI RIBAO reporter Huang Xiaohong (7806 2556 4767): "At a Provincial Organizational Work Meeting, Lu Rongjing Emphasizes the Need To Further Improve Work Related to Cadres and Organization To Enhance the Overall Functions of Leading Bodies at All Levels"]

[FBIS Translated Text] At a provincial organizational work meeting on 5 April, Lu Rongjing, secretary of the provincial party committee, emphasized: The most urgent task of work related to cadres and organization at the present, and for some time to come, is to promote outstanding young cadres and quicken the process of rejuvenating leading bodies at all levels. Over the next few years, we must see to it that a batch of young cadres in their thirties or forties is promoted, in a timely manner, to leading party and government posts at and above the county level so that leading bodies of the party and the government at all levels in Anhui will be composed of members of different age groups and be able to more effectively lead party members, cadres, and the masses throughout the province in successfully carrying out socialist modernization construction and fulfilling the glorious mission of completing the various tasks laid down by the sixth provincial party congress.

The meeting was presided over by Wang Taihua, deputy secretary of the provincial party committee; and was attended by provincial leaders Hui Liangyu, Fang Zhaoxiang, Shi Junjie, Chen Guanglin, Shen Shanwen, Wang Yang, Du Cheng, Ji Jiahong, Shao Ming, and Liu Guangcai.

In his speech, Lu Rongjing discussed five issues: 1) focusing attention on key areas and stepping up efforts to promote young cadres; 2) raising the quality of leading cadres in active duty to further enhance the overall functions of leading bodies at all levels; 3) attaching great importance to the construction of grass-roots party organizations and placing the building-up of party branches in rural areas high on the agenda; 4) actively exploring and studying innovative ways to solve new problems under the new situation; and 5) strengthening leadership over organizational work and improving the performance of organization departments.

Lu Rongjing said: In promoting outstanding young cadres, it is necessary to, first and foremost, further emancipate the mind and overcome outdated ideas and bias in appointing people, while training and selecting people through the correct channels. We should discover and promote talented people from among those at important posts at key levels; and should discover and

acquire a large number of young cadres with a long-range strategic view in mind. Based on training objectives and requirements for different posts, we should train young cadres, including women and ethnic minorities, who have good basic quality and potential for growth and training, for selected important posts at key levels. While promoting young cadres, we should always adhere to the principle of emphasizing both political integrity and ability; select people according to their merits; and establish an effective system for training, appointing, evaluating, rewarding and punishing, and supervising cadres; thereby enabling outstanding young cadres—especially those universally recognized as having adhered to and scored notable achievements in the line of reform and opening up—to be promoted to leading posts at all levels and to receive constructive training while performing their jobs.

He said: Leading cadres at all levels in active duty, especially party and government leading cadres at and above the county level, form the mainstay of the entire contingent of cadres and provide the backbone in the exercise of party leadership. Therefore, we should comprehensively raise the quality of leading cadres in active duty, paying particular attention to relations between theoretical cultivation and practical experience, between organizational training and individual efforts, and between training and appointment. Persisting in and improving the system of democratic centralism to build up the ability of leading bodies to solve contradictions among themselves is crucial to strengthening the construction and reinforcing the overall functions of leading bodies. The overall functions, leadership level, and fighting capacity of a leading body hinges upon the degree to which it implements democratic centralism; and an important aspect of this is the system of combining collective leadership and the division of labor with individual responsibility and the system of democratic and scientific decision-making.

Lu Rongjing said: In accordance with the requirements laid down by the Fourth Plenary Session of the 14th CPC Central Committee and the sixth provincial party congress, we should focus attention on key areas, provide guidance in line with different circumstances, and pay close attention to the construction of grass-roots party organizations in all fields—rural villages, enterprises, offices, schools, neighborhoods, and other grass-roots units. While building up grass-roots party organizations, we should pay close attention to the following three aspects: 1) Party committees at all levels, especially county (city) party committees, should really attach great importance to building grass-roots organizations in rural areas, and devote great and solid efforts to carrying out various tasks related to the construction of village-level organizations. 2) Grass-roots construction in rural areas should be carried out in conjunction with the endeavor to achieve economic prosperity, and be evaluated according to the actual results in developing the rural economy and the progress in achieving prosperity. 3)

Particular attention must be paid to coordinated organizational construction of village party branches, focused on their leading bodies, so that grass-roots party organizations across Anhui's countryside will become strong cores of leadership in various fields of rural work and will be imbued with the strength to unite and appeal to the masses.

Discussing reform of cadres' system, he said: The deepening of reform of economic structure, mainly enterprise reform, and the continuous development of a socialist market economy have called for speeding reform of the cadre system, and provided a good opportunity for it. We should seize the opportunity and strive to achieve breakthroughs in open selection of leading cadres for promotion, in implementing a system for evaluating leading cadres' performance, in exercising greater leadership over work related to cadres, and in overcoming unhealthy practices in appointing cadres. In the course of reforming the personnel system of cadres, we must consistently adhere to the principle that the party supervises cadres; basic ideas, overall plans, and major reform measures must be formulated under the leadership of party committees; the party's line, principles, and policies on cadres must be implemented to the letter; and appointments, removals, recommendations, and supervision of important cadres must be made by party committees. That reform of cadres' system must be carried out under the principle of the party supervising cadres is a major point of principle.

In conclusion, Lu Rongjing said: Organization departments are the important functioning departments of party committees in promoting party-building and organizational construction. In the new situation, organization departments are facing an even more arduous task. Party committees at all levels should attach greater importance to improving leading bodies as well as cadres of organization departments; and should adopt effective measures to enhance the political and professional quality of the ranks of cadres. In line with the need for "strong party spirit, correct style of work, and outstanding job performance," laid down by Comrade Jiang Zemin, organization departments at all levels should increase study to enhance their quality, forge ahead in a bold and innovative way, perform duties with honesty and impartiality, inherit and carry forward the fine tradition and work style of the party's work related to cadres, work hard and selflessly for the people, and show ideals by simple living, thereby striving to create a new situation in work and providing a more solid organizational guarantee of Anhui's accelerated reform, opening up, and modernization construction.

Shandong Secretary Discusses Enterprise Reform

SK2704133395 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 26 Apr 95

[FBIS Translated Text] On the afternoon of 26 April, the central group of the provincial party committee held a meeting in Jinan to study Comrade Deng Xiaoping's

theory on deepening reform and to emphatically discuss and study how to deepen the reform of state-owned enterprises in line with practical conditions.

Zhao Zhihao, secretary of the provincial party committee, presided over the meeting and made an important speech. He said: We should fully understand the importance and urgency in promoting the reform of state-owned enterprises from the height of strategy. The reform of state-owned enterprises is the most important content of the deepening of enterprise reform this year. Whether or not we can successfully run state-owned enterprises not only bears on the success or failure in maintaining the sustained and steady growth of the economy, but also bears on the success or failure in rapidly establishing the socialist market economic system. It also has a bearing on the success or failure in establishing socialism with Chinese characteristics. We must acquire a full and clear understanding of the reform of state-owned enterprises and bring our ideas into line with the requirements of the central authorities.

Zhao Zhihao pointed out: Enterprise reform must proceed from the reality of enterprises and from practical conditions of respective enterprises. Cities, prefectures, counties, and professional trades should seize the current opportunity to promote the deepening of enterprise reform in a positive and down-to-earth manner by correctly defining the focal points that are suitable for their own enterprises. All state-owned enterprises should conscientiously carry out the reform programs as well as various rules and regulations set forth by the central authorities and by the provincial party committee as well as the provincial government, and should go all out to expedite the establishment of the modern enterprise system. Attention should be paid to standardizing existing shareholding systems. A portion of small state-owned enterprises should clarify their property rights and should be reorganized and renovated in the forms of the shareholding and shareholding cooperative system as well as by leasing, auctioning off, and incorporation. We should pay attention to rating the assets and defining the property rights of enterprises, and to strengthening management and operation of state-owned assets in order to ensure that enterprise assets will be maintained and increased. We should deepen the reform of employment, personnel, and income distribution systems of enterprises; make enterprises assume overall responsibility for their management; urge enterprises to transform their operational mechanisms; and gradually create conditions to resolve problems for enterprises. The reform of state-owned enterprises, large and medium state-owned enterprises in particular, should be aimed at making a major breakthrough in the following three aspects by persisting in the general idea on conducting reform in an all-round and coordinated manner. First, the problem on separating government administration from enterprise management should be resolved; second, management and operation within enterprises should be strengthened; and third, the social security system should be established as quickly as possible.

Zhao Zhihao stressed: Party committees and governments at all levels should actually strengthen organizational leadership over enterprise reform, concentrate more energy on the reform of state-owned enterprises, go deep into grass-roots areas to conduct investigation and study, and discuss major reform policies together with cadres and workers of enterprises.

Zhao Zhihao added: We should pay attention to ideological and political work, guide the people to enhance their confidence of the success of reform, and make even greater efforts to emancipate the mind and embrace new concepts. The reform of state-owned enterprises should focus on invigorating the entire state-owned economy. It is impossible to invigorate all enterprises through reform. What we aim at is to invigorate the overwhelming majority of enterprises that meet the demands of the markets. The basic criteria for assessing the reform results of state-owned enterprises should be whether their state-owned assets have increased, whether the enthusiasm and creativity of their workers and staff have been enhanced, whether their interior management has been strengthened, whether their production and efficiency have improved, and whether their stocks and the income of their workers have been raised. So long as a measure meets these five criteria, it should be tried out and carried out boldly. We should promote reform and examine the results of reform through practice.

At the meeting, Li Chunting, Li Wenquan, and other provincial leading cadres also expressed their opinions on emancipating the mind, transforming the mechanism of enterprises, achieving success in coordinated reform, and training the ranks of modern entrepreneurs.

Zhejiang To Implement New Management System

OW2704120795 Hangzhou ZHEJIANG RIBAO in Chinese 25 Mar 95 p 2

[FBIS Translated Text] At its fifth plenary meeting, the provincial government decided to implement on a trial basis this year the objective management responsibility system in 50 work departments. The provincial government set work objectives for the provincial planning and economic commission, the provincial rural work office, the provincial communications department, the provincial bureau of industry and commerce, the provincial education commission, and the provincial family planning commission.

The work objectives for the provincial planning and economic commission are: It should properly draw up provincial development programs for the Ninth Five-Year Plan and for the period up to the year 2010. Within the first six months of this year it should essentially complete the study and revision of the programs for 10 industries and the four special programs. Together with other departments concerned, it should decide the acreage used to grow grain and other major crops, ensure cultivated land is properly protected, and ensure the land utilization plan is strictly implemented. It should

increase efforts to build up the 19 major grain production counties that have been included in the state's plan, and the number of areas where high-yield, high-efficiency, and good-quality agriculture are demonstrated; it should strive to carry out the various policies designed to support work in this regard; and it should keep track of and conduct investigations into agricultural production. It should strive to increase chemical fertilizer production by 25,000 tonnes. It should organize and implement the "123" project; and draw up a plan to develop a number of large enterprise groups and companies, a number of small giant enterprises [xiao xing ju ren 1420 0992 1565 0086], a number of brand-name products, a number of large exporters, and a number of new and high-technology products. It should essentially accomplish the technological transformation project set for the Eight Five-Year Plan. Within the first six months of this year it should complete a plan to develop brand-name products during the Ninth Five-Year Plan period, and meet the target of reducing budgeted enterprise losses by 10 percent this year. It should ensure that construction of the Jinhua-Wenzhou railroad, the Hangzhou-Ningbo Expressway, and other major projects is carried out as scheduled; and ensure that the 13 key projects, including the Zhejiang-Jiangxi railroad and the Jiaying power plant, are completed and put into operation. It should properly organize work on implementing, on a trial basis, a modern enterprise management system in 100 enterprises; and, based on the experience gained by these enterprises, should propose policies and measures to ensure state-owned assets preserve their value and appreciate, to adjust the relationship between enterprise assets and liability, to increase enterprise equities, and to reduce enterprise burdens.

The work objectives for the provincial rural work office are: Aiming to accomplish the task of growing grain on 43 million mu of land, producing 30 billion jin of grain, and purchasing 3.8 billion jin of grain, the office should review relevant policies and measures, ensure they are properly implemented, send back useful information, and study and propose specific ways and measures to increase agricultural investment. To speed the opening of the province's agriculture to the outside world, the office should organize related investigations and studies, sum up the experience of all localities, and offer opinion and propose policies and measures to carry out the work; and should take the lead in carrying out work in 26 key counties and cities. It should take the lead in developing dragon-head agricultural enterprises, devise an enterprise development plan for the period up to the year 2000, and include a number of development projects in the "hundred dragon-heads program." Together with other concerned departments, it should draw up procedures for rural areas at the county, township, and village level to improve residents' livelihood; and set standards for building new rural areas and decide procedures to inspect such work. At an appropriate time, the office

should organize people to inspect and accept newly-developed villages, select 100 villages to serve as exemplary ones in improving residents' livelihood, and select 100 persons who have taken the lead in improving residents' livelihood and 100 persons who have taken the lead in becoming better off.

The work objectives for the provincial communications department are: Strengthening the management of a number of key engineering projects and stepping up the first-phase preparations for several key projects; ensuring that the opening of the Yuhang-Shangyu section of the Shanghai-Hangzhou-Ningbo Expressway before the end of 1995; striving to start the preparation for the Yuhang-Fengjing section of the Hangzhou-Shanghai Expressway in April; continuing to step up the construction and to complete 16 key highway projects and four key waterway projects; controlling the construction pace and quality of the "four selfs" [si zi 0934 5261] projects and striving to complete 28 such projects before the end of this year (completing a total of 35 projects); completing the draft ninth five-year plan for helping poor areas develop communications in the first half of this year; and drawing up a port construction plan.

The work objectives for the provincial administration for industry and commerce are: Intensifying market supervision and maintaining normal market order; focusing the work on law enforcement and supervision of the market; paying particular attention to strengthening the supervision over grain, edible oil, vegetable, and capital good markets; consolidating circulation order; investigating and punishing the manufacturing and marketing of fake and shoddy goods, economic frauds, market speculation, and driving up prices in violation of the law; stabilizing prices and the market. The administration should earnestly study how to retain Zhejiang's superiority as a major marketing province, concentrating efforts on nurturing and improving the quality and building of a batch of provincial and national central wholesale markets. It should actively advance the reform of enterprise registration and the management system and support state-owned enterprises in restructuring, technical transformation, and reorganization; it should support village and township enterprises in reforming the ownership system; and should support agricultural enterprises in developing themselves. It should simplify registration formalities, provide quality service, reinforce supervision, and go all out to support foreign-funded enterprises in developing themselves. It should draw up plans, improve services, broaden the scale, and raise the grade of private small businesses in order to achieve new breakthroughs in their operations in quantity, quality, and efficiency. Meanwhile, the administration should increase educational guidance and supervision and help small private businesses develop healthily.

The work objectives of the provincial education commission are: Broadening the area of compulsory education to cover about 80 percent of the counties (cities and districts), 90 percent of townships and towns, and 95

percent of the provincial population; and increasing literacy training to more than 95 percent of all counties (cities and districts). Conducting the evaluation and acceptance test of 24 counties in basic education. Further readjusting the structure of higher education and pooling resources for a number of key universities and subjects. Coordinating with the finance department, the planning and economic commission, and the urban construction department essentially to complete the revamping of hazardous middle and primary school buildings. Controlling the area of hazardous and dilapidated middle and primary school buildings to less than 3 percent of the total area of school buildings. Organizing provincial departments, economically developed cities and counties, and large and medium enterprises to help 173 poor townships and towns build 100 junior middle schools. Adopting effective measures to expedite housing construction for teachers and striving to start housing construction for middle-aged and young teachers of provincial senior middle schools before the end of this year.

The work objectives of the provincial family planning commission are: Controlling the provincial population at the year-end under 44.02 million; keeping the birth rate at 13.69 per 1,000; keeping the natural population growth rate at 7.31 per 1,000; and keeping the family planning rate at more than 92 percent.

Zhejiang Issues Regulation on Protecting Ruins

OW2704135095 Beijing XINHUA in English 1310
GMT 27 Apr 95

[FBIS Transcribed Text] Hangzhou, April 27 (XINHUA)—The government of Zhejiang Province in east China issued Wednesday a regulation to protect the Liangzhu Culture Ruins dating back to 5,000 years ago, which are believed to be one of the sources of Chinese civilization.

The regulation contains articles on the area to be protected, restrictions on construction in the protected area and organizations in charge of the protection.

Construction and the removal of earth and sand from the Mojiaoshan Ruins, which occupy an area of 300,00 sq m, are forbidden.

Existing projects built without authorization or hindering protection of the ruins will be dismantled.

The Liangzhu Culture, first discovered in 1936, was distributed in an area covering today's Jiangsu and Zhejiang provinces and Shanghai Municipality.

In Zhejiang's Yuhang City and Deqing County are more than 50 historical sites, including ruined villages, tombs and sacrificial altars.

Central-South Region

Coverage of Guangdong's Drug Crackdown

Government Issues Circular

HK2704135195 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 27 Apr 95

[FBIS Translated Text] On 26 April, the Guangdong Provincial People's Government issued a circular on banning drugs. The circular says: People suspected of being involved in drug-related crimes will be treated leniently if they surrender themselves to the public security and law enforcement organs by 26 June 1995. People who are addicted to narcotics will be exempted from punishment if they register themselves with the public security organs and accept arrangements for helping them break their addiction before 20 May 1995. People who relapse into drug addiction will be sent to receive reeducation through labor as soon as they are discovered.

The circular calls on the entire people of the province to take action and actively inform against drug-related crimes and criminals. It states that awards will be given to people who provide clues and help the public security organs crack major drug-trafficking cases.

Governor Speaks

HK2704135395 Guangzhou Guangdong People's Radio Network in Mandarin 2300 GMT 26 Apr 95

[Speech by Guangdong Governor Zhu Senlin in Guangzhou on 26 April entitled "The Whole Province Mobilizes To Fight a People's War Against Drugs"—recorded]

[FBIS Translated Text] Comrades: In recent years, influenced by the international narcotics tide, the activities of trafficking and taking drugs, which had disappeared in China for more than 30 years after liberation, have staged a comeback in our province and are developing and spreading unchecked. Seizing the opportunity of our policy of opening up to the outside world, some international drugs syndicates took our province as a home base for carrying out drug smuggling activities. Later, illegal elements both at home and abroad worked hand in glove to wantonly smuggle and traffic drugs to form an underground drugs trafficking network.

As the criminal activities of trafficking drugs are getting increasingly serious, the activities of taking drugs are also gradually spreading unchecked. In the past, drug-taking activities only occurred in some cities which have opened up to the outside world and the Zhujiang Delta. Today they are spreading to the eastern and western parts of the coastal area and even mountain areas in the northern and western parts of Guangdong. In some localities, drug addicts include not only youths and youngsters, but also a small number of primary and secondary school students. Those addicted to drugs

include not only men, but also young women. To obtain rewards from drug traffickers, some people do everything possible to lure and induce others to take drugs. This has caused drug-taking activities to spread throughout society like a disease.

The activities of taking and trafficking drugs are very harmful. Taking drugs harms not only individuals, but also their families and society. Those who are addicted to drugs are physically and functionally weak, have a weak will, and are unable to work. Once one begins taking drugs, he will spend all his money and dissipate his fortune very rapidly. He may even break up and ruin his family. To pay for their drug habits, some people have even gone so far as to engage in the activities of killing, robbing, stealing and so on to harm society. Taking drugs is usually linked with patronizing prostitutes and prostitution [words indistinct]. The activities of taking and trafficking drugs also harm our descendants, impair our national quality, and adversely affect the prosperity of our country.

We who are advanced in years and those who have read Chinese modern history will never forget how colonialists exported opium to China and brought a grievous catastrophe to the Chinese nation [passage indistinct]. At present, the situation of the activities of taking and trafficking drugs is very serious. If we fail to take forceful measures and issue strict orders to stop it, our cause will be destroyed in one day. To protect the health of our people, maintain the stability of our social security, and ensure the smooth progress of our socialist modernization program, the provincial CPC Committee and government have decided that, starting from May, we will carry out large-scale activities to crack down on drugs throughout the province. The entire party and the whole people will take action to fight a people's war against drugs. While organizing the struggle, we must pay attention to the integration of striking blows, prevention, propaganda, education and [words indistinct]. We should look into both root causes and symptoms and carry out comprehensive management. We must resolutely stop the spread and development of the activities of taking and trafficking drugs.

CPC Committees and governments at all levels must grasp the struggle as a matter of primary importance, strengthen leadership over it, and make careful arrangements. Various departments and units must follow a system of division of responsibility and must coordinate with one another well. Judicial and public security organs must strengthen the work of investigating and cracking relevant cases. They must strike heavy and swift blows at the criminal elements guilty of trafficking drugs in accordance with the law. Public security, judicial, administrative and public health departments must implement the relevant policies well [passage indistinct] in order to vigorously consolidate or close illegally run detoxification clinics which merely pursue money and profits.

The propaganda, cultural and educational departments must strengthen the propaganda and education work in fighting drugs. They must educate the masses and youngsters so that they understand the harm in taking and trafficking drugs, consciously resist drugs, and draw a clear line of demarcation before drugs.

Various universities and colleges, secondary and primary schools must also do a good job of education against drugs. Various institutions, neighborhood committees and villages must assume the responsibility for cracking down on drugs and must include it in their own rules and regulations. They must conduct self-education, self-discipline, and self-improvement.

The broad masses of parents must strengthen education for their children. Their children must understand the harmfulness of drugs and must never become addicted to drugs.

As for those who are receiving detoxification treatment, their families, units, neighborhoods committees, and villages must be responsible for helping and educating them, and must work hard toward this end.

People of the whole province must take action to actively expose criminal elements connected with drugs and resolutely fight against law-breaking activities related to drugs. As for those who are engaged in the activities of smuggling, trafficking and processing drugs, and luring and inducing others to take drugs, they must take the initiative to surrender themselves to the public security organs, so that they will be dealt with leniently. As for those who are addicted to drugs, they must actively receive detoxification treatment and resist the temptation of drugs through their own strong wills.

As for those who are guilty of trafficking drugs, their family members must persuade them to surrender themselves to the public security organs. As for drug addicts, their family members must persuade them to register with the public security organs and receive detoxification treatment, so that they will break the habit of taking drugs and turn over a new leaf.

The struggle against drugs concerns the rise and fall of our country as well as our nation. It is the duty of everyone to eradicate the scourge of drugs. I hope that people throughout the province will make all-out efforts and will struggle hard to eliminate the disaster brought about by drugs.

Radio Reports Results

HK2704135795 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 27 Apr 95

[FBIS Translated Text] Since early March, the public security organs in all parts of the province have begun an intensive campaign against narcotics. According to statistics, between early March and 15 April, more than 5,000 drug-traffickers and drug addicts were arrested and a quantity of heroin, opium, and marijuana was

seized. In Guangzhou, Shenzhen, Zhuhai, Huizhou, Chaozhou, Jieyang, Foshan, and Jiangmen, a number of major and serious drug-trafficking cases were cracked, and a group of drug traffickers guilty of the most heinous crime were arrested.

In late March, the Public Security Bureau of Guangzhou City cracked the largest case of drug trafficking and drug taking. In the action, 18.96 kg of heroin and approximately 700,000 yuan of drug-related money were seized.

On 10 March, the Public Security Bureau of Raoping County successfully smashed a large criminal gang engaged in trafficking drugs. Up to 13 April, they detained 13 people suspected of engaging in drug-trafficking for further investigation. In the action, 1.16 million yuan of drug-related money was seized.

In late March, Jieyang City and Puning City joined hands in smashing an underground drug processing plant in Liusha Town of Puning. In the action, five drug traffickers were arrested and more than 4,200 grams of drugs and some drug-related money and tools were seized.

Shareholding System Boosts Guangxi Economy

HK2604145395 Beijing ZHONGGUO XINWEN SHE in English 1256 GMT 26 Apr 95

[FBIS Transcribed Text] Nanning, April 26 (CNS)—Guangxi Zhuang Autonomous Region has achieved a success in the reform for enterprise shareholding system. There is a rapid economic development following the reform.

Guangxi has so far 149 shareholding firms and 353 shareholding limited companies. Of the shareholding firms, more than 90 were originally large- and medium-sized enterprises with good economic benefits after reform of their ownership, and the rest were newly-established ones. The original assets of these companies were 2.5 billion yuan, and 8.8 billion yuan has been newly raised with 1 billion yuan from overseas and 1.4 billion yuan from areas outside the Region, said Ping Lei, Director of the Regional Commission for Restructuring Economy.

The new input of the above-mentioned capital has promoted the economic development in Guangxi, especially in the fields of transport, energy and construction, Mr. Ping added. financial situation is quite grim in the Region, however, Guangxi has set up an airline company through shareholding system, putting an end to Guangxi's history as a region without an airline company. Several hundred million yuan was raised by the newly-established Guangxi Transport Investment Shareholding Company Limited to facilitate the smooth construction of the Liuzhou-Guilin Highway and the Qin-zhou-Fangchenggang Highway. Funds for building the Yulin-Wuzhou Railway was also collected through

shareholding system. Further, the establishment of several shareholding limited companies for power generation, including Guiguan, Guifa, and Guineng companies, resulted in the construction of some medium-sized hydro-electric power stations in Bailongtang and Zhaoping. These stations will be completed and go into operation within this year.

Besides establishing the above-mentioned new shareholding limited companies, Guangxi also puts its focus on the reform for the shareholding system of large- and medium-sized state-owned enterprises. Over 90 state-owned enterprises with strong staff of technicians and good economic benefits were changed into shareholding enterprises. After a more than two-year operation, these enterprises generally achieved good economic benefits. According to statistics on business operation of 51 shareholding industrial enterprises between January and November of last year, 33 of them handed in tax of as high as 1.79 billion yuan to the State, up 20.64 percent over the same period last year. Only six enterprises, or 12 percent of the total 51 shareholding companies made a loss. Such a figure was far below the expected number.

Mr. Ping said Guangxi has achieved sound achievements in the reform for shareholding system and the reform has created positive effects on promoting the economic development in the Region. This year Guangxi plans to set up another dozen shareholding companies, however, the main emphasis will be put on improving the internal management mechanism of shareholding enterprises.

Meanwhile, Mr. Ping admitted frankly that there are some problems existing in the reform for shareholding system owing to the incomplete reform measures.

Southwest Region

Police Storm Tibetan Monastery, Arrest Over 100

HK2704070695 Hong Kong SOUTH CHINA
MORNING POST in English 27 Apr 95 p 10

[By Robert Barnett]

[FBIS Transcribed Text] The People's Armed Police stormed Nalanda, a major Tibetan monastery, and raided two others as protests were staged by five monasteries and convents in the Phenpo area, 25 kilometres north of Lhasa.

Sources in Tibet said this brought to 16 the total of pro-independence demonstrations reported in Tibet in February and March, of which seven had been confirmed.

At least 106 people—56 nuns and 50 monks—were arrested by police, according to unofficial sources, and 40 monks, including senior monastic officials and religious teachers, were expelled from their monasteries in reprisals by the authorities.

Police raided Nalanda, an important monastery of the Sakya school of Tibetan Buddhism, in the last week of February after arresting a Nalanda monk found with a forbidden Tibetan flag.

Other monks protested at the arrest and threw stones at police who attempted unsuccessfully to raid the monastery.

A second raid was carried out by about 70 police troops, leading to strong resistance from the monks.

"The monks threw stones at them and many police were injured. Later tear gas shells were thrown inside the monastery and police beat up all the monks," a source said.

A total of 32 monks were arrested and were taken on March 9 to Sangyip prison in Lhasa, with eight more monks arrested during the following week.

A source in the Tibetan underground movement said that senior monks at Nalanda had been planning to carry out a demonstration in Lhasa on March 16, and had prepared wooden blocks for printing pro-independence leaflets, several hundred of which were discovered by police after the siege.

Police also discovered two large Tibetan flags during an exhaustive search of the monastery chapels, the stores and the kitchen, as well as the monks' dormitories.

After the raid a political re-education team was sent to the monastery, and monastic activities and visits by outsiders were suspended. "Since March 3, 1995 the monastery has looked like a concentration camp," said a source with connections to the monastery.

By the middle of last month re-education teams had been sent to all monasteries and convents in Phenpo Lhundrub county and had issued warnings that monasteries would be closed down in the event of further protest.

College Graduates Apply For Army Jobs in Tibet

OW2704175395 Beijing XINHUA in English 1725
GMT 27 Apr 95

[FBIS Transcribed Text] Chengdu, April 27 (XINHUA)—More than 1,200 students from 60 colleges and universities from across China have signed up to join the Army and to be stationed in the Tibet Autonomous Region.

Sources from the Chengdu Military Region say that college students who will graduate this year at Beijing University, Xiamen University, Jilin University, Central China Teachers' University, and other schools, have sent in applications to join the Army and work in Tibet.

Many students, including those who are from big cities like Beijing and Shanghai, said in an accompanying letter that they wanted "to devote their talent and knowledge to the great cause of guarding the national territory in Tibet."

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The sources said that a total of 165 students who passed their physical examinations have been accepted as the first group. The Army stationed in Tibet is also making preparations to welcome them.

Tibet To Benefit From State-Aided Construction

*OW2804084195 Beijing XINHUA in English 0810
GMT 28 Apr 95*

[FBIS Transcribed Text] Lhasa, April 28 (XINHUA)—The Tibet Autonomous Region is striving to modernize itself with the help of the state and inland provinces and cities.

According to Gyalcan Norbu, chairman of the Tibet Autonomous Regional Government, construction of 62 capital projects built by the state, and inland provinces and cities across this highland region is in full swing.

"Upon completion, they will surely help the regional economy, raising industrial and agricultural production capacity, improving infrastructural facilities and improving the people's life," the chairman said.

These projects were designated at the Third Work Meeting on Tibet by the State Council last year to narrow the economic gap between the central and western parts of the country. They involve a combined investment of 2.38 billion yuan provided by the central government departments and provinces.

"This was another batch of centralized aid to our region after 1985, when the state built 43 capital projects for the region, indicating the care and support of the central government and people of the whole country for Tibet," the regional chairman said.

Tibet's economy has developed by leaps and bounds over the past four decades. Its grain output increased from 150 million kg in 1964 to 640 million kg last year, and the number of domestic animals from 9.74 million head to 28 million head.

However, Tibet's economic foundation remains poor compared with the inland areas of China. Its economy has developed at an annual speed of six percent since 1985, far lower than the nation's average.

So far, the region still has 480,000 farmers and herdsmen living under the poverty line.

These capital projects, involving the fields of energy development, transportation, telecommunications, agriculture, culture and education, are located across the region, and more than 70 percent of them are production projects.

Of the 62 projects, 13 are included in farming and animal husbandry, and 20 in energy development, transport and telecommunications.

A local official said the construction of 45 of the 62 projects is proceeding smoothly, and more than 400 million yuan has been used on them so far.

Upon completion, the official noted, Tibet will increase its hydroelectric power generating capacity by 30,000 kw, accounting for one fourth of the region's total. It will be able to generate 266 million kwh of power, and expand the telephone exchange capacity by 20,000 lines upon the conclusion of these projects.

Its processing capacity of flour will rise 17,500 kg, and that of rapeseed up 1.5 million kg. The region will increase its urban water supply capacity by 16,000 tons, and 400 hospital beds. It will be able to enrol 4,900 middle school students and expand radio and television coverage.

According to the official, the region's investment in fixed assets will increase by 30 percent annually, and its gross domestic product by 10 percent by the year 2000.

In addition, a large number of scientists, technicians and managerial workers will be trained alongside the construction of the 62 projects, the official noted.

North Region

Beijing Plans Employment Consultancy Cards

*OW2704083695 Beijing XINHUA in English 0734
GMT 27 Apr 95*

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—Offices of the Beijing Municipal Administration of Posts and Telecommunications will issue employment consultancy cards beginning May 1.

The move, the first of its kind in China, is aimed at promoting full employment of the labor force and a rational flow of qualified personnel, said local officials.

More and more Chinese people are looking for new jobs through labor markets thanks to the adoption of various reform measures in the country's labor and personnel systems, replacing the past rigid practice of relying on governmental departments to assign jobs.

In Beijing alone, more than 500,000 people hunted for new jobs through different ways last year, but the contradiction between supply and demand on the labor market remains obvious as a result of inadequate employment services.

The employment consultancy card, which has been developed by the Beijing Liecai (Talent Hunting) Information and Consultancy Center, will have space for detailed information about the job seeker, such as resume and the work he or she wants to do, and will be targeted at people in Beijing looking for jobs.

Legal Daily on Perception of Lawyers

*95CM0152B Beijing FAZHI RIBAO in Chinese 8 Jan
95 p 5*

[FBIS Translated Excerpt] **THE HOT TOPIC**

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The results of a recent survey on "Beijing Residents' Understanding and Utilization of Lawyers' Services" undertaken by the BEIJING QINGNIAN BAO and several municipal survey and analysis corporations make it clear that the development of law services, as a type of specialized form of service and a component of the consultation business in the service sector, is still in its initial phases.

On the one hand, the majority of lawyers have no operational mentality, do not take the time to advertise their services, with the result that the ordinary people lack an understanding of the lawyers' profession. On the other hand, there are some systemic restrictive factors in regard to the oversight of the legal service sector. These two causes have prevented lawyers' services from attaining the breadth and depth they should have had by this time.

At the present time there are over 70,000 lawyers nationwide and over 5,800 legal service agencies. In Beijing, there are presently 3,285 practicing lawyers and 199 legal service agencies of which 105 are cooperative type lawyer service offices. The results of the survey indicate that the majority of Beijing residents do recognize "lawyers" as a type of business; however, the categories of both lawyers and legal service offices together do not constitute any really high percentage of knowledgeability. Of the 615 subjects surveyed, 95.9 percent of those surveyed knew of the existence of the legal (lawyers') profession, but at the same time there were 4.1 percent who had never heard of them. Of the interviewees that had heard of lawyers, 77.1 percent and 88.0 percent of the respondents could not name, respectively, a law office or a lawyer. Of the 84 law offices mentioned by the survey subjects, the most frequently mentioned appeared 10 times, whereas among the 59 lawyers mentioned by name, the one leading the list was mentioned only five times. Thus, it is evident that there is no individual law office or lawyer that can be called the leading office or person.

When answering the question "What do lawyers do?" the majority of Beijing residents believe that lawyers are the defenders in lawsuits when one goes to court: 61.4 percent held this view, while the remaining definitions given included conflict mediator (6.8 percent), provider of legal services (7.3 percent), one who pleads the people's case (5.6 percent), a law enforcement official (5.4 percent), a notary public (3.9 percent) or a legal consultant (4.1 percent). From this it can be seen that the understanding of lawyers' work held by Beijing residents contains a great deal of bias.

Almost two-thirds of Beijing's residents get their information about lawyers from periodicals, radio and television and such secondary sources of propaganda, while the other one third of the people obtain their knowledge from personal acquaintance or experience, including the study of law, legal work, hiring a lawyer, and so forth.

Interviews with several lawyers revealed that the majority of lawyers have not considered the idea that

legal services must enter the marketplace and have not themselves tried to make use of the propaganda role of the media to extend their influence. Analysts believe that the propaganda of the media concerning lawyers' services overemphasizes the lawyers' court activities, and tell very little about the broad range of legal activities not related to court work, leading to a great deal of misunderstanding on the part of the city's residents. Over two-thirds of the city's residents believe that one only needs to seek a lawyer when a lawsuit impends or when some conflict happens. The biased opinion Beijing residents have about lawyers directly affects the rate at which they utilize lawyers' services. Among the 615 subjects surveyed, there were only 19 who had previously personally engaged a lawyer; another 20 had had lawyers engaged by their family or household, but these two categories combined only amount to 6.5 percent of the total. Among these 39 people, 23 took services related to lawsuits, and only four sought services not related to law suits. As far as the reasons for not hiring a lawyer, 90.4 percent of the people believed that they themselves or their households "never had anything happen which required a lawyer to resolve."

Among the 39 survey interviewees who had or whose households had engaged a lawyer, 24 or 61.5 percent had hired an acquaintance to act as a lawyer and only one had hired a lawyer based on his reputation. Researchers at the Lingdian Company believe that because the legal service profession is presently only in its beginning phases and both lawyers and the legal services profession combined do not command a high degree of public awareness, information about a lawyer's services circulates primarily in the circles of the lawyer's own acquaintances. When the populace seeks a lawyer's services they also seek to obtain it through the channels of acquaintance.

The evaluation of the results of hiring a lawyer also show that the degree of satisfaction a person has with the lawyer hired is determined primarily by the level of the personal qualifications and integrity of the lawyer himself and not by the degree of the lawyer's familiarity [with the law]. The two factors most emphasized for consideration when contemplating the future hiring of a lawyer were "the professional qualifications of the lawyer and his integrity," chosen 66.4 percent of the time. The second and third considerations were, respectively, "the lawyer's reputation" (32 percent) and "the fees charged" (19 percent). "Whether recommended or not by a friend or relative" only made fourth place (13.4 percent) and "the reputation of the lawyer's office" was fifth (7.8 percent).

Because "the professional qualifications of the lawyer and his integrity" are somewhat abstract standards, when a person contemplates this idea, he is likely to distribute it over a number of relatively factual standards. Thus, the "Lingdian Survey" analysts believe that the fact that currently lawyers are sought out with the

help of acquaintances is simply a temporary phenomenon of the immaturity of the legal profession's development; when the business of legal services has developed, "reputation" will be the main factor one considers when one chooses a lawyer. [passage omitted.]

Inner Mongolian Government Group Returns Home

SK2704114595 Hohhot NEIMENGGU RIBAO in Chinese 13 Apr 95 p 1

[FBIS Translated Excerpt] After successfully concluding its visit to Tianjin, the Inner Mongolia Autonomous Region government delegation headed by Wang Zhan, deputy secretary of the autonomous regional party committee and vice chairman of the autonomous regional people's government, returned to Hohhot on the morning of 12 April.

During their visit, the regional government delegation signed 168 contracts, agreements, and letters of intent with Tianjin. The volume of funds involved in these contracts, agreements, and letters of intent totalled nearly 200 million yuan. [passage omitted]

Through the talks, both sides reached an intent in the key cooperative projects in which both sides were interested, including the utilization of harbors and ports; joint operation of power plants; fertilizer production; cooperation in foreign trade and economic relation with foreign countries; coordination in grain purchases and sales; cadre exchanges; the education project of hope; scientific and technological cooperation; and exchanges of scientific and technologically-talented personnel. The governments of the autonomous region and municipality expressed they will commonly do a good job in carrying out coordination, supervision, and relevant services in line with the principle of "consolidating the old and developing the new," and will make efforts to create favorable conditions for honoring the signed contracts, reached agreements, and letters of intent. Both sides contended the cooperation and friendship established by the leagues and cities of the autonomous region with the districts and counties of the municipality represents an effective form of tightening cooperation between the autonomous region and municipality. Governments of both sides should enhance their guidance, coordination, and assistance in this regard so as to enable these pairs to continuously broaden their cooperative fields and expand their cooperative results.

Tianjin's 1994 Statistical Communiqué

SK2604083795 Tianjin TIANJIN RIBAO in Chinese 10 Mar 95 p 2

[Statistical communiqué of the Tianjin Municipal Statistical Bureau on national economic and social development in 1994]

[FBIS Translated Text] In 1994, the people on all fronts of the municipality worked with one heart and soul and

through arduous struggle under the leadership of the municipal party committee and government and fulfilled all targets and tasks well. The national economy developed in a sustained, fast, and healthy manner, and the development of the national economy ranked the province among the country's best. A key breakthrough was made in reform and opening up. Key progress and achievement were made in implementing the "three-five-eight-ten" goal and "two-two-two project." Society was stable, all undertakings were developed comprehensively, and the people's livelihood was further improved. The municipality's gross domestic product was expected to reach 72.119 billion yuan, up 13.5 percent over 1993 and reaching a record high in the past 10 years. Of this, the added value of the tertiary industry was 26.801 billion yuan, up 14.4 percent and accounting for 37.2 percent of the gross domestic product. Revenues came to 9.599 billion yuan, up 31.2 percent over 1993 and at a peak year since the implementation of the reform and open policies. Major economic problems were that the municipality failed to make a fundamental breakthrough in enlivening state-owned enterprises, the agricultural foundation was comparatively weak, the prices of major foodstuffs rose excessively, and some staff members and workers and the peasants of the poverty-stricken villages still lived a hard life.

1. Agriculture

Agricultural production developed in a sustained way. The added value of agriculture came to 4.578 billion yuan, up 5 percent over the previous year. Despite the comparatively serious natural disasters, the municipality reaped a fairly good grain harvest. The total grain output reached 1,903,200 tonnes. Noticeable achievements were made in building the "vegetable basket" project. The output of major food items increased by a big margin.

The output of major farm and sideline products was as follows:

	1994	% Increase Over 1993
Grain	1,903,200 tonnes	-4.7
Cotton	9,300 tonnes	22.5
Oil-bearing crops	40,300 tonnes	-9.3
Fruits	172,500 tonnes	8.7
Vegetables	4,078,600 tonnes	15.1
Meat	184,300 tonnes	19.5
Of this: pork	105,500 tonnes	14.5
Poultry and eggs	249,300 tonnes	15.9
Milk	98,600 tonnes	3.3
Aquatic products	128,300 tonnes	12.6
Of this: fresh-water products	106,900 tonnes	12.9

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	1994	% Increase Over 1993
Hogs in stock at year end	905,200 head	18.4
Hogs slaughtered	1,395,600 head	11.7

Agricultural production conditions further improved. The aggregate capacity of farm machinery reached 5,043,400 kilowatts, up 7.3 percent over the previous year; there were 25,300 trucks, up 5.9 percent; and the rural areas' power consumption volume reached 2,506 million kilowatt hours, up 8.4 percent.

The rural economy comprehensively developed. In 1994, the total output value of the municipality's rural society came to 91.8 billion yuan, up 41.5 percent over the previous year. Of this, the total agricultural output value was 6.525 billion yuan, up 7.8 percent. The total output value of town and township enterprises reached 76 billion yuan, up 40 percent.

2. Industry and Building Industry

Industrial production increased at a faster speed. In 1994, the added value of the municipality's industry was 37.28 billion yuan, up 14.7 percent over 1993. Total industrial output value reached 154.2 billion yuan, up 23.7 percent. To suit the demands for the development of the market economy, the municipality comprehensively developed various sectors of the economy. The output value of the state-owned industrial enterprises (including the three types of foreign-funded enterprises, shareholding enterprises, and integrated enterprises with Chinese investment) increased by 14.3 percent; that of three types of foreign-funded industrial enterprises, 94.8 percent; that of the township-run industrial enterprises, 41.5 percent; and that of large and medium-sized industrial enterprises, eight percent.

The industrial composition was further adjusted. In 1994, the output value of the industries at and above the township level totaled 99.297 billion yuan, up 18.3 percent from the preceding year. Of the total, the output value of heavy industry came to 55.08 billion yuan, up 13.8 percent; and that of light industry 44.217 billion yuan, up 24.4 percent. The ratio of light industry to heavy industry changed from 42.3 percent to 57.7 percent in the preceding year to 44.5 percent to 55.5 percent.

The output of the major industrial products was as follows:

	1994	% Increase over 1993
Natural gas	746 million cubic meters	14.3
Crude oil	5.888 million tonnes	13.8
Crude salt	2,135,600 tonnes	-3.9
Electricity	12.54 billion kilowatt hours	2.3
Pig iron	1,511,700 tonnes	0.4

Steel	1,850,700 tonnes	-14.3
Steel products	1,956,900 tonnes	-6.2
Cement	1,557,400 tonnes	-0.3
Plate glass	4.07 million weight boxes	83.8
Soda ash	628,200 tonnes	0.5
Caustic soda	287,400 tonnes	1.7
Machine-made paper and paperboard	207,600 tonnes	-10.8
Chemical fertilizer	93,900 tonnes	8.7
Plastics	159,400 tonnes	5.2
Plastic products	72,200 tonnes	0.6
Dyestuff	20,900 tonnes	-53.3
Chemical fiber	88,600 tonnes	6.5
Synthetic detergents	92,300 tonnes	-6.9
Metal-cutting machine tools	925	-44.4
Program-controlled exchanges	1,025,200 lines	31.0
Computers	88	-27.9
Cars	122,500	13.4
Of which: Xiali cars	58,500	22.2
Motorcycles	108,200	2.7times
Elevators	3,988	19.3
Internal-combustion engines	3,027,000 kilowatts	-0.2
Yarn (combined figure)	110,500 tonnes	-9.5
Knitting wool	5,539 tonnes	13.9
Cloth (combined figure)	351 million meters	2.1
Clothes	96 million pieces	-11.2
Cigarettes	243,100 crates	10.9
Cameras	78,000	16.4times
Sewing machines	132,000	14.7
Household washing machines	648,300	11.8
Household refrigerators	50,300	1.6times
Television sets	1,240,200	-8.1
Of which: Color sets	803,700	9.7
Recorders	136,300	86.5
Bicycles	2.822 million	-14.9

Development of new products made rapid headway. Industrial enterprises put 1,524 new products into production in 1994, which yielded 9.04 billion yuan in output value, an increase of 26.1 percent over the preceding year. The rate of new product output value rose from 15 percent in the preceding year to 16.7 percent.

The economic efficiency of industry was improved, and fairly good results were achieved in reducing deficits and increasing profits. The sales income of the industrial enterprises subject to independent accounting at and above the township level across the municipality totaled 101.276 billion yuan, up 32.3 percent from the preceding year; the marketing rate of their products was 97.34 percent; the profits and taxes they produced totaled 10.697 billion yuan, up 44.4 percent, of which profits stood at 4.616 billion yuan, up 57.1 percent; the profit rate of sales income rose from 3.88 percent in the preceding year to 4.56 percent; and the deficits of loss-making enterprises declined by 7.3 percent.

The building industry was further developed. In 1994, the added value of the building industry was 3.46 billion yuan, up 6.8 percent. The output value of the municipality's construction and decoration enterprises reached 11.868 billion yuan, up 54.3 percent; 10,370,300 square meters of houses were being built, up 24.5 percent; and 4,926,200 square meters of houses were completed, up 25.5 percent.

3. Domestic Commerce and Market Goods Prices

In 1994, along with the acceleration of the setup of the market system, the commodity circulation scale was further expanded, there was an ample supply of goods, and sales were brisk. The added value of the wholesale and retail sale trades and the catering trade reached 7.338 billion yuan, up 23.5 percent over the previous year.

Retail sale markets were brisk. The volume of retail sales of consumer goods totaled 30.113 billion yuan, showing an increase of 32.4 percent and registering a real increase of 14.5 percent when price factors were deducted. Of this, the volume of retail sales of food commodities increased by 49.3 percent; that of clothes, 23.4 percent; and that of daily necessities, 23 percent.

Commodity wholesale trading markets developed rapidly. The transaction volume of the wholesale trading markets of various categories reached 164.6 billion yuan, increasing by 600 percent. Of this, the transaction volume of 19 wholesale trading markets for means of production, such as Beiyang steel product market, iron and steel and furnace burden market, coal market, chemical industrial product market, textile raw material market, and vehicle market, totaled 159.457 billion yuan, increasing by 650 percent over the previous year. The transaction volume of 15 consumer goods wholesale trading markets, such as Beifang sugar market, grain market, and Dahutong Department Store, reached 5.114 billion yuan, increasing by 140 percent over the previous year. The municipality's retail sale prices were comparatively low when compared with those of the country's large and medium-sized cities.

The 1994 price index was as follows (fixing the 1993 figure as 100):

1. Urban dwellers' consumption price index	124.0
Of this: Food	128.5
Clothes	110.0
Household equipment and daily necessities	106.7
Medical treatment and health care	121.9
Transportation and communication means	100.9
Entertainment and teaching articles and stationery goods	111.4
Housing	109.1
Service items	158.4
2. Urban commodity retail sale index	115.6

4. Foreign Economic Relations and Regional Cooperation

In 1994, our municipality made a new breakthrough in opening to the outside world. The scale of using foreign capital was further expanded. International large companies and large groups vied with one another to make investment in Tianjin. In 1994, the municipality as a whole signed 1,890 items on development of three types of foreign-funded enterprises. These items involved \$3.502 billion foreign capital, up 55.3 percent over the previous year; and the increase in this regard ranked the municipality first in the whole country. The number of large items noticeably increased. A total of 100 items, each involving \$5 million or so, were signed during the year, increasing by 120 percent over 1993. As of the end of 1994, the municipality had 8,026 foreign-funded enterprises of three types and signed agreements involving a total \$7.772 billion in foreign capital. In 1994, the municipality used \$1.776 billion in foreign capital, up 90.7 percent over 1993 and was at the fore of the whole country in terms of increases in this regard. Of this, \$1.015 billion were directly invested by foreign businessmen, up 87.5 percent. As of the end of 1994, a total of \$5.793 billion foreign capital were really used by the municipality, including \$2.233 billion direct foreign investment.

Construction of the new seaside area was accelerated. Investment made in the fixed assets of this area totaled 9.999 billion yuan in 1994, up 43.7 percent from the preceding year. The gross domestic product it produced in the whole year came to 16.135 billion yuan, up 28.1 percent from the preceding year; and its industrial output value was 25.08 billion yuan, up by 42.8 percent. The development momentum of the development zone and the bonded zone remained strong. The development zone signed 487 contracts concerning the three types of foreign-funded enterprises in 1994, and the amount of foreign capital agreed upon stood at \$1.523 billion, up 23.3 percent from the preceding year. The annual gross domestic product generated by the development zone

showed an increase of 75.3 percent over the preceding year, the industrial output value 94 percent, and the volume of exports 86.2 percent. The bonded zone imported and exported \$677 million worth of goods.

Imports and exports witnessed further development. The total value of imports and exports through the Tianjin customhouse was \$16.167 billion, up 29.3 percent from the preceding year. Of the total, imports stood at \$7.487 billion, up 26.9 percent, and exports \$8.681 billion, up 31.5 percent. The growth rate of Tianjin's exports was the highest since the 1980's. Its annual export value totaled \$2.382 billion, up 23.6 percent from the preceding year. Of this, the exports of specialized foreign trade companies came to \$1.23 billion, up 8.9 percent; those of industrial and foreign trade integrated companies \$333 million, up 35.5 percent; and those of the three types of foreign-funded enterprises \$711 million, up 69.2 percent, and they accounted for 29.8 percent in Tianjin's entire exports as against 22.5 percent in the preceding year.

Economic and technological cooperation with foreign countries continued to develop. In 1994, 521 contracts worth \$94.26 million were signed concerning construction projects and labor service cooperation abroad. Transactions totaling \$60.29 million were realized.

International tourism saw rapid development. Tianjin received 128,100 overseas tourists, up 17.1 percent from the preceding year, of whom 95,500 were foreign tourists, up 30.7 percent.

Regional economic cooperation and lateral economic ties developed even more rapidly, and notable results were achieved in bringing in domestic funds through the lateral ties at home. In 1994, 765 contracts worth 4.09 billion yuan were signed concerning the cooperation at home, of which 3.345 billion yuan came from other places of the country, up 2.5 times from the preceding year.

5. Transportation, Post, and Telecommunication

Tianjin's transportation, post, and telecommunication showed further development in 1994. The annual added value of Tianjin's transportation, post, and telecommunications services totaled 6.322 billion yuan, up 15.5 percent from the preceding year.

The volume of transportation by various means was as follows:

	1994	% increase over 1993
Volume of freight	233,269,000 tonnes	10.0
Of which:		
railway (Tianjin area)	26,336 million tonnes	0.6
Highway	192,700,000 tonnes	11.7
Waterway	14,21 million tonnes	5.5
Civil air	23,000 tonnes	27.8

Turnover of freight	132.34 billion tonne/km	-1.2
Of which:		
railway	22.49 billion tonne/km	-14.9
Highway	4.59 billion tonne/km	0.7
Waterway	105.26 billion tonne/km	2.2
Volume of passengers	33.667 million	4.5
Of which:		
railway (Tianjin area)	18.626 million	2.8
Highway (long-distance)	14.63 million	6.0
Civil air	411,000	43.2
Cargo handled at the harbor	46.52 million tonnes	25.1
Of which:		
exported cargo	35.07 million tonnes	38.8
imported cargo	11.45 million tonnes	-3.5

An important and great breakthrough was made in the development of post and telecommunication undertakings. Total business volume of 1994 reached 1.32 billion yuan and showed a 36.1 percent increase over 1993. Of this volume, that of postal business reached 160 million yuan and showed a 20.7 percent increase over 1993; and that of the telecommunication business reached 1.16 billion yuan and showed a 38.5 percent increase over 1993. The municipality handled 97.36 million domestic long-distance calls in 1994, which showed a 38.3 percent increase over 1993. At the end of 1994, the capacity of program-controlled telephone exchanges reached 1,137,700 lines and showed a 572,000 line increase over the figure scored at the end of 1993. The number of telephone sets totaled 960,000 and showed a 47.5 percent increase over 1993. The number of telephone sets possessed per 100 people across the municipality totalled 10.78 and showed a 3.43 fold increase over 1993.

6. Finance and Insurance Business

The undertakings of finance and insurance achieved new progress. The added value of financial and insurance business in 1994 totaled 5.726 billion yuan and showed a 15.1 percent increase over 1993. At the end of 1994, the number of various financial institutions totaled 1,987. Financial markets achieved faster development and raised 50.158 billion yuan in funds for the whole year. The volume of stock business totalled 80 billion yuan. The total volume of funds used for regulating foreign exchanges totaled \$1.773 billion.

By the end of 1994, the volume of various deposits received by the financial institutions across the municipality totalled 80.056 billion yuan and showed a 21.985 billion yuan increase over the figure scored at the beginning of 1994 and a 10.009 billion yuan increase over the same period of 1993. The volume of various loans

totalled 90.71 billion yuan and showed a 14.361 billion yuan increase over the figure scored at the beginning of 1994 and a 132 million yuan increase over the same period of 1993. The volume of loans that had exceeded the deposits showed a 7.624 billion yuan decrease over the figure scored at the beginning of 1994. Banks received 89.228 billion yuan of cash deposits in the whole year, which showed a 38 percent increase over 1993, and scored 89.348 billion yuan in cash withdrawals which was a 36.1 percent increase over 1993. The insurance business achieved continuous development. Income from the insurance business in 1994 totalled 1.27 billion yuan and showed a 12.4 percent increase over 1993.

7. Science and Technology

Undertakings in science and technology developed prosperously. The number of scientific and technological results registered with the municipal authorities in 1994 totalled 673. Of these results, 20 were among the world's best and 191 were of the advanced international level, which was an 11 percent increase over 1993. The annual rate of applied scientific and technological results reached 70.1 percent.

The number of patent applications accepted by the municipality as a whole in 1994 totalled 1,541. Of these applications, 1064 were patented. By the end of 1994, the accumulated number of patent applications totalled 11,096. Of these applications, 6,261 were patented.

Technological markets achieved stable development. The number of technological cooperation contracts signed in the municipality as a whole in 1994 totalled 10,798. The volume of funds involved in these contracts totalled 952 million yuan and showed a 33.2 percent increase over 1993. The municipality exported 67 technological results and earned \$80.15 million from them, which showed a 54.4 percent increase over 1993.

The new technology industrial park established 556 new, high-tech enterprises in 1994. By the end of 1994, the accumulated number of such enterprises totalled 1,573, and employed a total of 35,000 employees. The total annual income in technology, industry, and trade, reached 4.11 billion yuan. The total output value of technologies, industries, and trade reached 4.09 billion yuan. The volume of profits and taxes earned totalled 590 million yuan.

8. Education, Culture, Public Health, and Sports

Education continued to develop. By the end of 1994, the municipality had 26 ordinary institutions of higher learning, 66,700 university students taking both special and regular courses, 14,700 university graduates, 759 graduate students studying on doctor's degree, 4,312 postgraduates, 151 doctorate graduates, and 951 master-degree graduates. There were 45 adult colleges with 40,800 students and 10,000 graduates. There were 64

ordinary secondary technical schools with 43,400 students and 9,027 graduates. There were 672 ordinary middle schools, 410,400 middle school students, and 112,300 middle school graduates. There were 3,219 primary schools, 896,200 pupils, and 138,300 primary school graduates. Some 96.7 percent of the primary school graduates attended the schools of a higher level.

Cultural undertakings were more prosperous. By the end of 1994, the municipality had 20 troupes, 19 cultural centers, 14 museums, 31 public libraries, 6.67 million volumes of books, and 127 theaters, cinemas, assembly halls open to the public, and clubs. Some 47 million copies of magazines of various categories were published and 538 copies of papers were printed during the year. Splendid results were made in implementing the "project of annually creating a good book, a good play, an excellent telefilm, an excellent film, and a creative and convincing article." A large number of films and books won prizes at home and abroad, and the people's spiritual lives were greatly enriched.

Urban and rural people's medical and health conditions further improved. By the end of 1994, the municipality had 3,182 medical and health organizations, including 419 hospitals. By the end of the year, the municipality had 37,157 sick beds, an increase of 433 over the previous year; and 71,217 medical technicians, including 33,373 doctors. By the end of 1994, there were 4.17 sick beds and 8 specialized medical technicians for every one thousand patients, which were increases over the previous year.

The achievements in sports undertakings were gratifying. In 1994, the municipality successfully held the 12th Asian table tennis meet and the eighth municipal sports meet. At the sports events at or above the Asian level, our municipality's athletes won 12 golden medals and seven silver medals and three athletes broke three world records on four occasions. Our athletes won 10 golden medals and 18 silver medals at the national-level sports events. To organize the world table tennis event, our municipality rebuilt and expanded a large number of stadiums, thus promoting vigorous progress in mass sports activities.

9. Investment in Fixed Assets

Investment in fixed assets continued to increase. In 1994, the investment in fixed assets totaled 31.9 billion yuan, up 41.7 percent. Of this, the local investment reached 26.2 billion yuan, up 47.6 percent. The investment in fixed assets of state-owned units totaled 26.63 billion yuan, up 42.8 percent; that of collective-owned units, 4.02 billion yuan, up 31.8 percent; and that of urban and rural individuals, 1.25 billion yuan, up 51.9 percent. In 1994, 16,316,000 square meters of houses were built with the investment in fixed assets, up 11 percent over 1993; and 6.066 million square meters of houses were completed, up 23.7 percent.

The investment structure was readjusted further. Investment in industry totaled 12.471 billion yuan, and of this,

investment in basic raw materials and energy resource industries, such as petroleum and power industries, reached 8.01 billion yuan, amounting to 64.2 percent of the total investment in industry. In 1994, investment in technological transformation totaled 11.49 billion yuan, up 50.9 percent. Of this amount, investment in local industrial enterprises' technological transformation totaled 3.85 billion yuan, up 18.4 percent. The investment in urban infrastructure facilities, rose 66.1 percent to 7.95 billion yuan. The proportion of investment in urban infrastructure facilities in the total investment in fixed assets went from 25.9 percent in 1993 to 29.5 percent. The investment in the tertiary industry totaled 13.957 billion yuan, up 58.5 percent. Of this, the investment in communication, postal, and telecommunication undertakings totaled 4.576 billion yuan, an increase of 100 percent; and that of cultural, educational, and public health departments totaled 537 million yuan, up 51.7 percent.

Key construction projects continued to be strengthened. A total of 9.402 billion yuan was invested in 66 key construction projects throughout the municipality, of which 28 were completed and commissioned, and the remaining 38 progressed according to plan. A number of key industrial projects were completed and put into production, including the projects to produce 100,000 vehicle engines, 10,000 tonnes of paste resin, 350,000 tonnes of high-speed wire rod, 10,000 travel vans, 25,000 tonnes of ionic membrane caustic soda, and 6,000 tonnes of steel cable. A number of urban infrastructural facilities were completed, including the second-phase project of the Xinkaihe Water Plant, local telephone renovation project, Jiefang South Road drainage project, Jinshi overpass construction project, and Beima Road renovation project. A number of commercial, trade, cultural, and sports facilities, including the sports center, the satellite earth station, the Quanyechang department store, and 15 primary and middle schools were expanded and built. Construction of the 150,000 Xiali car production project, the 140,000-tonne ethylene production project, and other key projects was accelerated.

10. Population, Employment, and Living Standards

The 1994 year-end number of Tianjin's permanent population was 9,352,800, an increase of 72,600, or 0.8 percent, over the year-end figure for 1993; the annual birth rate was 10.98 per thousand; the death rate, 6.19 per thousand; and the natural population growth, 4.79 per thousand. The year-end figure of the number of permanent residents in Tianjin totaled 8,905,500, an increase of 46,600, or 0.5 percent, over 1993.

Tianjin's 1994 year-end number of staff and workers was 2,896,500, of whom 2,026,700 were with state-owned units, 676,900 were with collective units, and 192,900 were with joint ventures and other units. State, collective, and foreign-funded enterprises offered jobs for 66,000 people in the year. By the end of 1994, Tianjin's

markets for talents and labor forces provided space for the 11,400 units and 896,400 job seekers to discuss potential jobs, and initial agreements were reached on the employment of 269,000 people.

Urban and rural people's income continued to increase, and their living standards were further upgraded. The wage total for Tianjin's staff and workers was 14.715 billion yuan in 1994, up 26.0 percent from the preceding year, and the average income of staff and workers was 5,164 yuan, an increase of 26.6 percent. According to the sample survey of urban and rural households, urban people's per capita cost of living income was 3,724.75 yuan, up 44.4 percent from the preceding year, or 16.5 percent when allowing for price rises; and their per capita cost of living expense was 3,301.37 yuan, up 42.2 percent, or 14.7 percent when allowing for price rises. Rural people's per capita annual net income was 1,956.42 yuan, up 22.8 percent from the preceding year; and their per capita annual cost of living expense was 1,273.84 yuan, up 26.0 percent.

Savings by urban and rural people increased substantially. The 1994 year-end amount of savings for urban and rural people was 39.449 billion yuan, an increase of 12.48 billion yuan over the figure at the beginning of the year. Of the total, urbanites' savings amounted to 32.559 billion yuan, an increase of 10.734 billion yuan over the amount at the beginning of the year; and rural people's savings deposits came to 6.89 billion yuan, an increase of 1.746 billion yuan.

Housing conditions for urban and rural people were further improved. In urban areas, 3.62 million square meters of residential houses were built in 1994, of which 2.82 million square meters were dilapidated houses that were revamped. Heating was supplied to another 3.13 million square meters of housing in the year. All these figures topped previous figures. The 20 practical jobs undertaken by the municipal government to benefit the people were all completed, and the people's living conditions were further improved.

Note: 1. Added value refers to the value newly created by the enterprises, institutions, and administrative units of the various departments in charge of the national economy, as well as individual household businesses through their production and business activities within a certain period.

2. The gross domestic product, added value, and total product of rural society were calculated based on the prices of the year, and growth rates were calculated based on comparable prices.

3. All figures are preliminary figures.

Northeast Region

Heilongjiang Government Work Report

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[Government work report made by Governor Tian Fengshan at the third session of the eighth provincial people's congress on 22 February]

[FBIS Translated Text] Fellow deputies: On behalf of the provincial people's government, I would like to report the government work for examination at the session.

1. Review of 1994 Work

Under the leadership of the provincial party committee in 1994, people across the province firmly grasped the entire situation in the work of "seizing opportunity, deepening reform, broadening opening up, promoting development, and maintaining stability"; further emancipated their minds and straightened out their ideas; heightened their spirit; waged arduous struggle; and continuously and successfully marched forward along the road of building socialism with Chinese characteristics. The 1994 work tasks approved at the second session of the eighth provincial people's congress were basically accomplished, and the situation in reform, opening up, and economic development was better than we had expected.

A trend of accelerating the development of the national economy began to take shape. The province as a whole realized 160.4 billion yuan in gross domestic product in 1994, showing an 8.7 percent increase over 1993. The added value of agriculture showed an 8.9 percent increase over 1993. Grain production was upgraded to a large level, the total output reaching 25.785 billion kg. The added value of animal husbandry showed a 30 percent increase over 1993. The proportion of animal husbandry in the total output value of agriculture totalled 24.8 percent. Township enterprises achieved sustained and rapid development; their output value totalled 60 billion yuan, showing a 66.4 percent increase over 1993. The total output value of all industries was 177.82 billion yuan, showing an 8.9 percent increase over 1993. Technical renovations and the readjustment of the product mix were somewhat accelerated. Under the situation in which the barter trade slumped, spot trade showed a large increase. The total volume of exports and imports was \$3.09 billion, showing a 1.1 percent increase over 1993. Of this increase, that of spot trade was 50.4 percent. The volume of foreign funds actually brought in the year totalled \$490 million, showing a 63.9 percent increase over 1993. Supplies for both urban and rural markets were sufficient. The total retail sales of consumer goods showed a 20.7 percent increase over 1993. The structure of investments was somewhat improved, and the increased scale of investments made in technical renovations was larger than that of investments made in capital construction. The construction of key projects achieved relatively smooth progress. Financial revenues and spending achieved a basic balance. Bank deposits and loans showed an increase. The year 1994 was one in which the province's economic growth had been the fastest over the past 10 years.

The reform in economic systems achieved marked results. The reform of the financial and tax systems, in which the system of tax distribution was regarded as a

main content, achieved smooth progress and realized the linking-up between the new and old systems as well as a stable transition. The province successively readjusted the prices of a large number of commodities managed by the state or the province—including power, crude oil, refined oil, natural gas, fertilizer, grains, communications, and post and telecommunication. The readjustment effectively promoted the development of agriculture, basic industries of energy resources, communications, and natural resource industries. The province further conducted reform in the purchase and sale systems of grains, and consolidated the markets of means of production—including refined oil and fertilizers. It smoothly carried out a combination between the two different rates of foreign exchanges and maintained the stability of foreign exchange prices. Enterprise reform was gradually deepened, and the "Regulations on State-Owned Industrial Enterprises Shifting Their Business Mechanism" was further implemented. The vigor of enterprises was somewhat reinforced by trying hard to encourage enterprises to take up the pilot work of enforcing shareholding systems, conducting technical grafting and renovations, conducting reform in the property rights of small state-owned enterprises, and organizing or establishing enterprise groups. Reforms in social security and urban housing systems, and the establishment of market systems, achieved certain progress. The province also upheld the publicly owned economy as a mainstay as well as the common development of multiple economic sectors. Thus, the growth of the non-state-owned economy accounted for 11.8 percent in the gross domestic product, showing an increase of 5.2 percentage points over that of the state-owned economy. The rate achieved by the non-state-owned economy in making contributions to economic growth totalled 56.3 percent. Of the total product of the rural society, the proportion of township enterprises totaled 53.6 percent. Of the volume of retail commodity sales, that of non-state-owned business firms totalled 60.3 percent. A new economic pattern gradually took shape.

Some progress was made in building the socialist spiritual civilization and in developing various social undertakings. The building of the socialist spiritual civilization was increased by sticking to the principle of taking a two-handed approach and being tough with both hands. The vast number of cadres and masses were organized to conscientiously study the third volume of the *Selected Works of Deng Xiaoping* in line with the arrangements of the provincial party committee and with the province's reality, thus further emancipating the minds of the people from higher to lower levels. Education on patriotism, collectivism, and socialism was conducted extensively, thus further enhancing the ideological morality of the people and social ethics throughout the province. The endeavor in carrying forward the Daqing Spirit, the Iron Man Spirit, and the pioneering spirit of the Great Northern Wilderness provided a spiritual motivation for organizing and mobilizing all people in the province to fulfill on the schedule the objectives of quadrupling the

1980 GNP and making the people relatively well-off. The principle of invigorating the province through science and education was carried out penetratingly; efforts were organized to implement the Torch Plan, the Spark Plan, and the prairie fire plan; the development of the new and high technology industrial development zone and the new high technology industrial park was accelerated; and increasingly more scientific and technological personnel were organized to directly participate in economic construction, thus making the contribution rate of scientific and technological progress in promoting economic growth total 25.3 percent. With a focus on comprehensively implementing "China's Outline for Educational Reform and Development," the province developed education in various categories and on various levels in a coordinated manner, thereby enhancing the function of education in facilitating economic construction and social development. Social sciences, culture and art, press and publication, and radio and television played a guiding and encouraging role in expediting the building of spiritual and material civilizations; mass spiritual civilization activities also witnessed noticeable results. Health care and public health undertakings developed further. Mass sports activities were brisker, contest sports witnessed relatively good results at domestic and world sports events, and the Winter Asian Games were conducted under smooth preparations. New results were achieved in all nationalities work, religious work, civil administrative work, work on foreign affairs, work on nationalities residing abroad, and militia and reserve service work.

The people's standard of living improved further. The income of urban and rural residents increased steadily, and production developed. Taking the price increase factor into account, the per-capita income of urban residents available for living expenses increased by 8.8 percent, and the per-capita net income of peasants increased by 7.2 percent. The per-capita housing space of urban residents was 6.7 square meters; the per-capita housing space of peasants was 14.7 square meters, with 36 percent of their houses built with bricks and roofed with tiles. Construction of the infrastructure in urban and rural areas was accelerated, and civil administration and environmental protection were strengthened, resulting in a better environment and conditions for the livelihood of the people. The basic national policy on family planning was implemented further; population growth control targets were attained; and the province's natural population growth rate was controlled below 9.68 per thousand.

The building of democracy and the legal system as well as the self-construction of governments was stepped up. Governments at all levels conscientiously carried out the resolutions adopted by people's congresses and their standing committees, and consciously subjected themselves to supervision by law. Governments emphatically supported the Chinese People's Political Consultative

Conference [CPPCC] to participate in and discuss government affairs; established close ties with various democratic parties, industrial and commercial federations, mass groups, and all circles in society; and paid attention to soliciting and absorbing the opinions of various circles on major matters concerning economic and social development. Over the past year, the provincial government handled 280 proposals of people's deputies and 255 motions raised by CPPCC members, and earnestly answered letters and received visits from the masses. The provincial government also strengthened the drawing up and enforcement of administrative laws and intensified the supervision and examination of law enforcement. For the entire year, the province submitted and reported 21 local draft laws and regulations and 18 regulations of the provincial government to higher authorities, and comprehensively conducted the work of reconsidering administrative affairs, thereby further enhancing government functionaries' sense of doing administrative work according to law. According to the arrangements of the CPC Central Committee and provincial party committee, the anticorruption campaign was launched positively and conscientiously among government departments, and cadres at or above the county or section level conducted self-examination and self-correction in comparison with the "new five prohibitions." As a result, some results were achieved in clearing up the malpractices in buying cars and houses as well as the illegal occupation of the funds and property of enterprises. The province also conscientiously investigated and dealt with a number of major and appalling cases; strengthened efforts to correct the malpractice of trades, including the abuse of power for personal gain and pocketing a portion of the benefits of enterprises; and publicly dealt with a number of typical cases and the violations of the law committed by cadres.

We prominently grasped social stability work, actively offered persuasion and resolved contradictions, promptly solved the living problems of rural disaster areas and of urban enterprise workers with great difficulties, further conducted comprehensive management of public security, and guaranteed the smooth progress of reform and construction. The provincial government strengthened exchanges and coordination between departments, regions, and areas; overcame the phenomena of creating barriers between departments and regions, with each doing things in his own way and failing to carry out prohibitions to a certain extent; and enhanced its entire functions.

Fellow deputies, one of the major affairs in the province's political and economic life in 1994 was that the third plenary session of the seventh provincial party committee explicitly proposed the overall ideology for the province's economic development from now to the end of this century, which aimed at actively opening up the "second battlefield" of economic development while not slackening efforts in the "first battlefield" of economic development on agriculture and state-owned enterprises, thus vigorously cultivating new economic

growing points, initially establishing the socialist market economic system by the end of this century, and realizing the strategic objective of quadrupling the total industrial and agricultural output value and attaining a level of moderate prosperity. Implementing the economic development ideology defined by the provincial party committee is of major and far-reaching significance in accelerating our province's reform and opening up and in realizing the three-step strategy. The results of the initial practice in 1994 showed this ideology is correct and conforms to reality. As long as the entire province, from the higher to the lower levels, unifies its thinking, acts in unison, and persists in doing work remittingly and solidly, then we will surely push the economy forward.

The achievements we made during the past year were the results of the efforts of people of various nationalities across the province to act in line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics under the leadership of the provincial party committee; to proceed from Heilongjiang's reality; to further emancipate thinking; and to advance in a pioneering spirit. Let me extend lofty respect and profound thanks to the people of various nationalities across the province; all officers and men of the Chinese People's Liberation Army [PLA] stationed in our province and the armed police force; personages of the people's congress; the Chinese People's Political Consultative Conference; all democratic parties; the federations of industry and commerce; mass organizations; all circles that have supported our government work; compatriots from Hong Kong, Macao, and Taiwan; overseas Chinese compatriots; and friends from around the world who have cared for and supported our province's reform and development on behalf of the provincial government.

Fellow deputies, while affirming our achievements we should also recognize that there are still many contradictions and difficulties on our road of advance; the prominent problem is the stagnancy in economic development. Last year, although our province began to accelerate its economic development rate, it still remained at a level lower than the national average. Our gap between economically developed areas in the country was not narrower but was becoming larger, thus causing a series of problems to occur in the economic and social life. The masses of people also showed dissatisfaction in many aspects. First, the rise in commodity prices was too high. Although all localities and departments did much work to control price hikes to keep the province's increase in prices lower than the national average, the increase in prices during the year was still as high as 20.7 percent, which seriously affected the quality of the economic rebound. A considerably large part of the real benefits achieved by urban and rural residents during economic development had been cut by the high increase in prices; the masses had strong comment on this. Second, a considerable number of enterprises had difficulties in production and management. Some state-owned large and medium enterprises were restricted by operational mechanisms, historical burdens, and the

market. Their production cycle was impeded, production and marketing was disconnected, products were stockpiled, and the defaults of payment in funds were aggravated. They suffered serious deficits, and still could not free themselves from a difficult position. Third, the agricultural foundation was fairly weak. Agricultural input was inadequate, infrastructure facilities were weak, and the ability to combat serious natural disasters was not strong.

Fourth, many problems still exist in the development of science, technology, and education. We were unable to successfully tackle irrational systems, inflexible mechanisms, shortages of funds, and low benefits of teachers and scientific and technical personnel; the development of science, technology, and education does not conform to the development of the economy. Fifth, destabilizing factors remain in large numbers in society. Wages could not be issued in a timely manner to the staff and workers of coal, military, forest, and other difficult industries as well as to those of enterprises suspending production partially or totally; people in impoverished and disaster-plagued areas still lead a very difficult life; public security has yet to be notably improved; serious and extremely serious cases are on the increase; and the masses lack a sense of security. Some of these problems are inevitable in the process of changing the old system to the new, and others are related to our failure in putting policies and measures in place and to our shortcomings and deficiencies in work. As far as the government is concerned, our efforts to emancipate the mind were not enough, and we are still deeply influenced by the traditional concepts taking shape under the planned economy, thereby failing to effect a significant change in the industrial composition and the economic structure. We were sluggish in changing the government functions; some departments and cadres failed to work according to the "three advantages" and became "midway obstacles"; and the climate for economic development was not relax enough. Our efforts in implementing government work were not sufficient; bureaucracy, "yamen" work styles, and formalism remained rather serious in some departments; and some cadres lacked a good mindset and the courage to overcome difficulties and pioneer the way forward. Some government personnel still indulge in such corrupt practice as abusing power to extort money or materials and pursue personal gain. All these problems affected relations between the government and the masses and played a negative role in reform, opening up, economic construction, and social development. We will conscientiously address them in doing work in the future.

2. Work Tasks for 1995

Fellow deputies, the third plenary session of the seventh provincial party committee called on and demanded the people of various nationalities across the province to achieve a 300-percent increase and a moderately prosperous life on schedule by the turn of this century. It is a very glorious and arduous task. Attaining this strategic

objective on schedule, Heilongjiang will further enhance its overall strength, notably improve the people's standard of living, enter the 21st century smoothly, and lay a good foundation for comprehensively fulfilling the three-step strategic objective put forward by Comrade Xiaoping in the middle of the next century. For this reason, fulfillment of the strategic objective of a 300-percent increase and a moderately prosperous life, which will have an important and far-reaching influence on Heilongjiang's entire economic and social development, is an extremely important and very serious economic, political, and social issue concerning the overall situation.

When reviewing the past, we should not only fully affirm Heilongjiang's progress and achievements in reform, opening up, and economic construction, but should also note its difficult situation featuring stagnant economic development. The traditional planned economy system whereby mandatory plans and mandatory prices account for an excessively large proportion is still restricting Heilongjiang's economic development. Effective work has yet to be done to adjust the ownership structure under which state-owned large and medium enterprises total a very large proportion, and township enterprises as well as other sectors of the economy remain weak; to adjust the industrial composition and product mix emphasizing production of resources, primary products, roughly processed products, and heavy industrial products; and to adjust the organizational structure of enterprises, which features an all-embracing attitude no matter what their sizes, a separation between different regions and different departments, and duplicate development. The old ideas, old concepts, and old habits taking shape under the old system are still fettering people's minds and deeds. All this has put Heilongjiang in a situation characterized by low-rate and low-efficiency economic operations, and has made it lag still farther behind other places in the country that register rapid economic growth. From 1980 to 1994, China's gross domestic product increased by 10.2 percent annually while that of Heilongjiang increased merely by 6.3 percent. This made Heilongjiang's gross domestic product ranking drop from ninth in 1980 to 13th.

When looking into the future, we should not only see the severe challenge posed by the intense international and domestic competition, which may cause Heilongjiang a continuous widening of its differences from other areas and a continuous decline of its ranking, but we should also see the new development opportunities presented to a province such as Heilongjiang that possesses abundant resources and a substantial industrial foundation. Following the transition to a socialist market economy, the problem of exchanging unequal values, which Heilongjiang is now faced with as a large resources-producing province, and other problems concerning systems will be solved. This will bring about more rapid development in the various sectors of the economy, in diverse production, in the tertiary industry, and in the intensive processing of resources. An economic structure

shifting emphasis to heavy chemical industry will enable Heilongjiang to fully develop its material and technological advantages it has as a heavy industrial base. The attention given by the entire party to agriculture will help Heilongjiang, a large agricultural province, turn its advantages in resources into economic resources. The rapid progress in the internationalization of economic development and in the establishment of regional conglomerates, as well as China's joining the World Trade Organization in the future, will help Heilongjiang, which is a large border province, link itself to the international economy at an early date and accelerate development in opening up wider, particularly in participating in the transnational cooperation of Northeast Asia. As long as we emancipate our minds, clarify our ideas, use cadres well, heighten our spirits, make earnest efforts to do practical work, and accelerate economic development, we will attain the objective of a 300-percent increase and a moderately prosperous life on schedule.

The year 1995 is one for comprehensively accomplishing the Eighth Five-Year Plan and for preparing the implementation of the Ninth Five-Year Plan. Promoting economic construction is the foundation to solve all Heilongjiang's social problems. Governments at all levels should have extremely high political enthusiasm and a strong sense of responsibility, mission, urgency, and hardship in their endeavor of leading the people of various nationalities throughout the province to conscientiously implement the development ideas defined by the provincial party committee, focusing on resolving Heilongjiang's major contradictions, as well as to work in unison for a common goal to promote Heilongjiang's economy. In 1995, we should adhere to Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; comprehensively implement the guidelines of the 14th party congress and the third and fourth plenary sessions of the 14th party Central Committee; conscientiously carry out the various tasks put forward at the third plenary session of the seventh provincial party committee and the provincial economic work conference; continue to uphold the general task of "seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability"; effectively curtail inflation; continuously strengthen agriculture as the foundation; put great efforts into improving state-owned enterprises, large and medium enterprises in particular; actively open up the "second battlefield" of economic development; continuously optimize the structure; promote scientific and technological advances; upgrade the quality and efficiency of economic growth; strive for a faster development rate in the economy; and facilitate comprehensive social development. Based on this demand, Heilongjiang plans an increase of 8 to 9 percent for its gross domestic product this year. Based on their specific conditions, all localities should achieve the fastest possible development rate as long as their conditions permit and as long as the quality and efficiency of the economic growth are ensured.

To fulfill all the work tasks for this year, Heilongjiang should comply with the requirement of the party Central Committee for "unifying thinking, taking the overall situation into consideration, strengthening coordination, and working in a down-to-earth manner," and should pay attention to the following work. It should always uphold the criterion of "three advantages," further emancipate the mind, and change concepts. It should persistently take the improvement of the economic quality and efficiency as the premise of accelerating economic development; put more effort into optimizing the structure; and take the road of low input, high output, and quick accumulation. It should adhere to the principle of developing the province with science, technology, and education as well as truly channel economic construction to the track of relying on scientific and technological advance and improving the quality of laborers. It should promote industrial development and product development persistently by developing the market and focusing all economic activities on the market. It should make urban and rural areas supplement each other with their respective advantages and develop in a coordinated manner. It should correctly handle the relationship between reform, development, and stability as well as create a good environment for achieving the 300-percent increase and a moderately prosperous life. It should proceed from reality in doing everything, seek truth from facts, refrain from ill-considered competition, and prevent exaggeration. It should promote the two civilizations simultaneously and facilitate comprehensive social progress.

A. We should further strengthen the agricultural foundation status and comprehensively develop agriculture and the rural economy.

Agriculture is a major affair affecting the overall situation and is the prominent advantage of our province. Comprehensively developing the rural economy is where we place our hope of invigorating Heilongjiang.

Over the past years, our province has successively reaped bumper agricultural harvests and witnessed rapid economic development in the rural economy, which played an important role in supporting and guaranteeing economic and social stability in the entire province. At present and for some time to come, since the supply of agricultural products directly affects the stability of prices, the development of light industry, and the improvement in the people's life, and since the increase in the income of peasants directly influences market development, we must not neglect the interests of peasants and the development of the rural economy at any time. We should seize the opportunity that the state has paid attention to agricultural development and increase agricultural input, that sales of farm and sideline products are brisk, and that the enthusiasm of peasants is high; continue to hold aloft the banner of marching toward the level of moderate prosperity; unswervingly implement the principle of taking agriculture as the foundation; realistically place the work of strengthening

agriculture in the lead of economic work; realistically carry out primary, secondary, and intensive development of agricultural resources; implement and promote the industrialization of agriculture and the rural economy; properly resolve the prominent contradictions and problems in rural economic development in the course of deepening reform; and guarantee a sustained and sound development in agriculture and the rural economy. It is planned that in 1995 the entire province's added value of agriculture should increase by more than 5 percent.

We should ensure a steady increase in grain production. We should persist in striving for state support and tapping our own potentials, exert efforts to raise the comprehensive production capacity of grain, and accelerate the pace to build our province into a grain production strategic reserve base of the state. This year, the total output of grain should be stabilized at 25 billion kg. In line with the orientation of high yield, good quality, and high efficiency, we should pay special attention to building 36 state-level major grain counties and 22 key farm and sideline product base counties. We should vigorously promote the campaign of invigorating agriculture with science and education; implement the bumper harvest plan in large areas; popularize the optimum cultivation system, systematic cultivation, plastic-sheet coverings, cultivation in protective lands, cultivation of paddy rice through the method of dry farming and thin planting, cultivation of beet seedlings inside paper tubes, and other practical agricultural technologies; strive to increase the application of farm manure and chemical fertilizers; and gradually raise the level of per-unit area yield. We should develop quality farm products and expand the farming areas of fine-quality varieties of paddy, soybeans, and wheat. By taking peasant households as the main bodies and combining the efforts of the state, collectives, and peasants, we should try by all possible means to increase agricultural input and ensure that the increase in the expenditures arranged in the financial budget for supporting agriculture will be higher than the increase in total expenditures by 2 percentage points. It is necessary to strengthen agricultural infrastructure facilities such as carrying out farmland and water conservancy projects, updating agricultural machinery, and cultivating fine strains; gradually improve the agricultural production conditions; and strengthen the momentum for development. Under the situation in which we have reaped bumper harvests for several years in succession, we should pay attention to preventing and overcoming the ideas of slackening our vigilance or relying on luck, base ourselves on combating serious disasters, and reap another bumper agricultural harvest.

We should take active and reliable steps to promote the industrialization of agriculture and the rural economy. This is a major strategic move to enable our province to move from small-scale production and a small-scale peasant economy into modernized farming, and to establish the socialist market economic system that we must

put in a prominent place and grasp well. We should make overall arrangements and plans, suit measures to local conditions, proceed from using local resources to develop competitive products, and gradually form regional pillar industries. The province as a whole should promote the development of competitive products with local characteristics and competitive ability such as livestock, poultry, vegetables, green foods, miscellaneous food grains, tubers, flue-cured tobacco, flax, beet sugar, aquatic products, northern medicinal herbs, beverage, and animal feed. On the basis of carrying out intensive and precision processing of competitive products and technological development, and on pooling the efforts of the state, collective, private, joint-invested, and foreign-funded sectors to participate in market sales, we should transform existing enterprises; cooperate with relevant enterprises; establish new enterprises with new mechanisms; gradually build a number of leading enterprises with new operational mechanism, advanced technology, good efficiency of scale, large coverage in the market, and strong impetus ability; and enable them to link with the domestic and foreign markets externally and with thousands and thousands of households downwards to form both loosely organized and closely organized industrial groups.

We should develop and establish larger-scale productive bases of agricultural commodities and integrate the base construction with the establishment of principal leading industries and with the development of leading enterprises. We should boost animal husbandry as quickly as possible by regarding it as a pillar industry of the rural economy. Through agriculture and the industrialization of the rural economy, we should promote unified development in both urban and rural areas between grain production, animal husbandry, and enterprises; between trade, industry, and agriculture; and between agriculture, science, education. We should also achieve an organic combination between agricultural production, farm product processing, and farm products circulation as well as achieve a harmonious expedition between primary, secondary, and tertiary industries in rural areas. Only by so doing will the province as a whole enjoy a new development situation in the rural economy.

We should do a good job in conducting the comprehensive development of agriculture by relying on the strong points of natural resources. Efforts should be made to continuously expedite the improvement of middle-and-low-yield farmland that are chiefly on the Sanjiang and Song-Nen Plains, the reclamation of wasteland suitable to farming, and the improvement of grassland protection. The province will improve 1.83 million mu of middle-and-low-yield farmland this year and reclaim 450,000 mu of wasteland suitable to farming. It will accelerate its pace in "greening the land of Heilongjiang in 10 years" and plant 6.58 million mu of trees. On the premise of paying attention to environmental protection and preventing ecological damage, we will accelerate the auction of rights for reclaiming the five "wastelands." Before the end of this year, more than 50 percent of

rights for reclaiming the five "wastelands" suitable to development will be sold so as to enable the idle natural resources to be developed or utilized to a maximum. We should actively develop an export-oriented agriculture so as to enable the province's superior products—including soybean, "green foodstuffs," food grains other than wheat and rice, and various beans—to enter or occupy more stands in both domestic and foreign markets. In the course of agricultural development, we should reinforce the dynamics in bringing in or utilizing foreign capital. Efforts should be made to actively win state support and accelerate the primary, secondary, and deepening development of agriculture so as to build Heilongjiang from a province that turns out large amounts of grain to the one that is strong in agriculture by the end of this century.

We should deepen rural reform and uphold the principle of having reform promote development. We should implement in an overall manner the party's policies for rural areas, perfect centralized and decentralized management with the integration between control and decontrol, and place the emphasis of rural reform on fostering and establishing market systems and of socialized service systems in rural areas so as to guide peasants to enter the circulation field and to accelerate the progress in industrializing the rural economy. Efforts should be made to establish or improve the systems of land transfer and, based on the voluntary of peasants, to adequately develop standardized land business. We should deepen the rural reform in the system of property rights, and should vigorously develop shareholding and cooperative systems in rural areas. We should foster rural socialized service systems with multiple sectors of the economy, with multiple forms, and at various levels by regarding the cooperative economic organizations at the village level as a basis, the specialized economic and technical departments as a backing, and the self-employment services of peasants as a supplement. A good job should be done in continuously relieving the burdens of peasants, in enhancing inspection over law enforcement, in regarding the work of relieving peasants' burdens as an important yardstick in measuring the results achieved in rural work, and in orienting the work on the track of legalized management.

B. We should concentrate our efforts on successfully conducting reform, reorganization, improvement, and management of state-owned enterprises, and should strive to enable more rapid industrial growth.

Boosting state-owned enterprises, and particularly state-owned large and medium enterprises, represents an important aspect in implementing the overall idea put forward by the provincial party committee for economic development as well as represents a core issue for the province to establish socialist market economic systems and a key to whether reform can succeed. The province's proportion of state-owned enterprises is larger, and the

foundation of these enterprises is better. They are principal guiding forces in the province's economic development; important reflections to the province's comprehensive strength; main sources of the province's financial revenues; and an important pillar in stabilizing society. State-owned enterprises have made important and great contributions to economic development, reform, and opening up in the country as a whole. Over the past few years, a large number of state-owned enterprises with stronger vigor and better economic results have come to the fore in various localities as well as various industries and trades. This has fully shown that under the conditions of a socialist market economy, state-owned enterprises may be boosted.

However, owing to the reasons in many sides, some trades and enterprises lack vitality and lag behind the requirements for developing the socialist market economy. Boosting state-owned enterprises is an arduous and complicated task. We should further emancipate the mind, change ideas, bravely make renovations, and boldly engage in practice in order to make a new change and a new breakthrough in the idea, principle, and method with regard to the reform and development of large and medium-sized state-owned enterprises. As far as the development of industry is concerned, we should strive to effect two changes, namely, changing from mainly grasping the readjustment of adaptability to actually grasping the readjustment of strategy and changing from invigorating individual enterprises to actually invigorating all enterprises. As far as the overall situation of economic development is concerned, we should jump out of the limit of invigorating state-owned enterprises in isolation and vigorously open up the "second battlefield" of economic development to help develop large and medium-sized state-owned enterprises. Through several years of endeavor, we should effect a marked improvement in the overall quality of enterprises and in the quality of industrial growth in order to develop the economy in a sustained, rapid, and sound manner. In 1995, all of the province's industrial output targets should be 9 percent higher than those in 1994.

The enterprise reform should be deepened, with focus on establishing the modern enterprise system. In enterprise reform, we should continue to implement the "Regulations on Transforming Operational Mechanism of the State-Owned Industrial Enterprises" and the "Regulations on Supervision and Management of Property of State-Owned Enterprises" and should focus on achieving progress in the following several aspects. First, we should push forward the establishment of the modern enterprise system and the experimentation for "optimizing the structure of capital and increasing the vitality of enterprises" in order to accumulate experiences for invigorating all state-owned enterprises. Beginning this year, we should gradually abolish the administrative grades currently used by state-owned enterprises and should introduce the graded and classified management of enterprises with the scale and efficiency as the standards.

Second, we should explore and reform the form of state ownership and should positively try out the commissioned management in the course of standardizing, perfecting, and developing shareholding enterprises. This year, a group of enterprises should be chosen to implement the commissioned management through open bidding on the prerequisite of selecting appropriate legal person representatives, ensuring the maintenance and increase in assets, and repaying loans on schedule. Large enterprises, first, may try out the commissioned management among their subordinate branch plants and workshops, by breaking up the whole into parts and assigning various levels of legal persons to manage various parts on a commissioned basis. One or two counties (cities) should be chosen to try out the commissioned management of state-owned enterprises. Third, on the prerequisite of maintaining and increasing the assets of state-owned enterprises, we should change the form of ownership of medium-sized and small state-owned enterprises that are poor in management. We should further accelerate the reform of property rights of small state-owned enterprises and strive to basically accomplish by the end of this year the task of reforming property rights of these enterprises in the forms of cooperative system, leasing, separation, incorporation, auctioning off, and commissioned management. We should conscientiously carry out the "Law on Bankruptcy." The enterprises whose assets cannot cover the debts and that are found unable to reverse deficits should be resolutely encouraged to apply for bankruptcy. Fourth, the "second battlefield" should be opened up among large and medium-sized state-owned enterprises. Enterprises should be encouraged and supported to carry out the "one factory, two systems" policy. Various relatively independent branch plants and workshops of enterprises, as well as the economic entities organized by surplus staff, with idle equipment can be managed independently, with each assuming responsibility for its own profits and losses, through appropriate forms of ownership, property organization, and management. We should cut apart rear service departments of enterprises, collective enterprises, and subordinate units of enterprises and gradually push them to society to initiate new economic entities. Enterprises should engage in diversified management, with one trade as the mainstay. Large and medium-sized state-owned enterprises and, in particular, large and extra-large enterprises and the natural resources-oriented enterprises, whose product mix is relatively simple, should release in a planned way a portion of their funds and equipment and a number of their managerial personnel and engineering and technical personnel to establish some new-type enterprises that produce non-guiding products and engage in the tertiary industry by adopting the operational mechanism of township and town enterprises or of foreign-invested enterprises of three types, with a view to gradually attaining the goal of supporting the mainstay with the supplement and supporting the large with the small. The natural resources-oriented cities, as well as forest and mining areas, should accelerate the development of

following-up industries and substitute industries to reverse their difficult situation as quickly as possible.

Fifth, we should positively explore ways and methods for lightening enterprises' historical burdens. By increasing production and revenues, enterprises should handle property losses step-by-step. Governments should experiment with and explore methods for helping enterprises discharge their burdens, deduct enterprises' burdens from portions of their property added value through property cleanup and capital reassessment, make good use of bank allowances for bad debts, strive to change "the replacement of appropriations by loans" into state investment, and sell property service debts, including land utilization rights.

The reform of the social security system, which is the most important supporting measure for deepening the reform of the state-owned enterprises, must positively be carried out. Focus should be placed on setting up an old-age insurance system for urban enterprises' staff members and workers as well as an unemployment insurance system. According to the principle of being undertaken reasonably by the state, enterprises, and individuals, we should further expand the coverage rate of the old-age and unemployment insurance systems; set up as soon as possible a unified unemployment insurance system and an unemployment insurance fund; and carry out the workers' basic old-age insurance method by linking mutual assistance funds with individual accounts. The unemployment insurance fund should be managed in a unified and standardized manner on the premise of fixing revenues according to expenditures. According to the principle of "unified management and separation between government functions and institution management, we should balance step-by-step the social security management system."

With the focus on developing and expanding new pillar industries, key enterprises, and products with competitiveness, we should exert efforts to readjust, reorganize, and coordinately transform enterprises. The orientations and tasks for readjusting and reorganizing the industrial enterprises in line with the province's advantages and domestic and international market demands are defined as follows: Build 10 trades with traditional advantages, such as the trades for development of power plants' complete sets of equipment, large-sized and heavy-duty machines and equipment, radial tires, instruments and measuring tools, small and medium-sized bearing, machine-made paper, building materials, flax spinning and weaving, forest product processing, and special types of steel and aluminum materials, into domestically and internationally advanced production bases. Concentrate energy to develop five pillar industries—the vehicle and fitting manufacturing trades with great connection with industries, great influence over the economy, and good markets as well as dominated by the Harbin aircraft manufacturing plant's 100,000-minicar production line, Andong's 150,000-engine production line, and Mudanjiang's 600,000-vehicle air conditioner production line;

the petrochemical industry with Daqing's 480,000-tonne ethylene project and several provincial large-sized oil refineries' expansion projects as the backing; the food industry and the feed-processing industry with grain, sugar, milk, and livestock products as raw materials; the electronic industry dominated by the Shuangtai electronic industrial town of Harbin and Mudanjiang's Kangjia 1,000,000-television set and 150,000-audio set production lines; and the medical industry with the products with competitiveness, such as the medicines made from antibiotics, bioengineering medicines, Vitamin C, and shuanghuanglianfenzhen [7175 7806 6647 4720 6859]. When these 10 bases and five pillar industries appropriately take shape, the situation in which our province's pillar industries are disconnected with one another, lack strength for development, and produce low economic results will appropriately be changed. Therefore, we should pool the joint efforts of the whole province to positively promote the progress of these trade and industries. We should reorganize the structures of the leading enterprises of these 10 bases and five pillar industries, have them develop production coordinately and cooperatively, reasonably organize relevant industries and relevant enterprises, guide increasingly more small and medium-sized enterprises to cooperate with these leading enterprises, and build large-sized enterprise groups. Enterprises' technological transformation should be carried out in line with the construction of these 10 bases and the development of these five pillar industries. Small and medium-sized enterprises should renew their equipment and techniques to attain these leading enterprises' technological levels and product quality. The 1995 expenditures on technological transformation, totaling 5.5 billion yuan, should be used primarily in these aspects. We should pay particular attention to transforming traditional industries with new high-technology. Enterprises should be encouraged to cooperate with foreign firms, coastal areas, and the state-owned foreign trade enterprise groups in order to positively conduct "graft" transformation. In building 10 bases and developing five pillar industries, we should persist in the policy of pooling the joint efforts of the state, the collectives, the individuals, and foreign investor; carry out new mechanisms; and avoid taking old ways with new shoes. Through readjustment, reorganizations, and coordinate transformation, we should gradually upgrade the efficiency from optimization of structures, large-scale management, and scientific and technological progress.

We should persist in keeping the eyes inward and strengthen enterprise management. At present, many enterprises are extensively managed, the quality of their products are low, their tax evasion cases are serious, and their losses and waste are very big. Governments at all levels should guide and supervise enterprises to strengthen operational and management and to deeply conduct activities on changing mechanism, improving internal skills, grasping management, and increasing efficiency. We should conscientiously implement all

internal regulations and systems of enterprises, strengthen basic management, persist in running the plants strictly, treasure the reputation of enterprises, and create a good enterprise image. While firmly grasping quality management and cost management, ending deficits, and increasing profits, we should exert efforts to do a good job in managing operation and sales in line with the situation in which the market restrictions are getting more serious. Fostering the market concept and strengthening the consciousness of competition, enterprises should organize production in line with market demands, strive to open up domestic and foreign markets, implement the "brand name" strategy, and raise the ratio of products in the market. We should continue to restrict the production of goods that sell slowly, reduce excessive stockpiles, and promote sales, make an inventory and tap potentials, invigorate the use of funds in reserve, and raise the efficiency of using funds. It is true that there are many reasons for the ineffective enterprise management, but the crucial point lies in the managers and the enterprise leading bodies. So, we must pay great attention to building the leading bodies of enterprises, do a good job in training enterprise leaders, and step up efforts to build a contingent of entrepreneurs that meets the needs of the market economy. Only by cultivating a great number of modern entrepreneurs with authority, ability, and high quality, can our enterprises be realistically invigorated and the socialist market economy be developed vividly and dramatically.

C. We should quicken the tempo of opening up the "second battlefield" of economic development and vigorously develop tertiary industry and the non-state economics of the economy.

The decision on opening up the "second battlefield" of economic development adopted at the third plenary session of the seventh provincial party committee is of great significance in resolving our province's long existing and deep-rooted contradictions related to systems and structures, promoting a sustained, rapid, and sound national economic development, accelerating the establishment of the socialist market economic system, and realizing the objective of quadrupling the GNP on schedule and attaining the level of moderate prosperity. Nineteen ninety-five is the first year for implementing this decision. We should do a good job in giving an ideological mobilization, organize implementation in a down-to-earth manner, based on the present situation, keep eyes on a long-term basis, accelerate development, and strive to seek actual results.

Taking the establishment and improvement of the integrated and open market system and the socialized comprehensive service system, and the perfection of the social security system as the priorities, we should accelerate the development of tertiary industry. Our province's level of industrialization and urbanization is quite high, with a fairly great number of favorable conditions for accelerating the development of the tertiary industry. Therefore, the tertiary industry has the greatest potential

for development and is capable of playing a major role in uplifting our province's economy. We should regard accelerating the development of the tertiary industry as a significant priority in opening up the "second battlefield" of economic development and cultivating the new economic growing points. In the next few years, we should regard the establishment of an integrated and open market system as the core, further develop and improve the consumer goods markets, develop and expand the markets for the means of production such as petrochemical products, machinery and electronics products, and timber, and the special markets for wooden articles, grain, and animal feed, and develop the banking, insurance, labor, technology, and real estate markets; accelerate the development of infrastructure facilities that play a leading role in the national economy such as railroads, highways, airports, wharves, postal service, telecommunications, storage facilities, and warehouses; develop social undertakings, including science and technology, education, culture, public health, and sports; and the information, consulting, notarial, lawyer, and accounting intermediate organizations; develop social public utility undertakings and social service industries that are beneficial to raising the quality of living of the masses; and take advantage of our province's unique mountain, river, ice, and snow resources to accelerate the development of the tourist industry.

In developing the tertiary industry, we should bring strong points into play; give priority to key points; and impose on the differences between urban and rural areas. Rural areas should regard the establishment of comprehensive service systems as a focal point, develop a large number of trade fairs of farm products, foster farm households that are largely in charge of commodity circulation, and vigorously upgrade the marketable level of farm products. Urban areas should regard as a focal point the development of finance, commerce and trade, communication, science and technology, and education. Meanwhile, they should develop the newly rising industries—including healthy recreation, health care, and tourism—so as to gradually turn the large number of large and medium-sized cities across the province from the unitary political and cultural centers in the past to the centers of the economy, trade, science and technology, and of information, as well as to bring into better play their function in having the central cities bring along the development of the regional economy. In 1995, the added value of the tertiary industry should reach 54 billion yuan and will show an 11 percent increase over 1994. In the coming several years, we should strive to enable the yearly average increase of the tertiary industry to remain above two-digits.

We should accelerate the fostering and reinforcing of the non-state-owned economy by regarding township enterprises as a focal point. Non-state-owned enterprises, particularly township enterprises, are current economic sectors that have achieved the fastest development and possess the most potential. To realize the strategic targets

of quadrupling the 1980 GNP and of heading for being better-off, the province should rely to a great extent on the accelerated development of township enterprises and of other non-state-owned economies. We should grasp the development of township enterprises by regarding the development as a main direction in opening the "second battlefield" of economic development and maintain the strong trend in the growth of township enterprises. The total output value designed for township enterprises this year should reach 80 billion yuan. We should strive to break the record of 100 billion yuan in this regard. Township enterprises' profits and taxes this year should show more than a 30 percent increase over 1994. We should continuously enforce the trans-regional projects for developing township enterprises and vigorously develop the industries of extensive and precise processing in line with the program of secondary development and the multiple value increases of natural resources. We should also actively expedite shareholding and cooperative systems, enforce standardized expedition in this regard, and successfully grasp the construction of 100 small industrial zones. A good job should be done in building up small cities to enable the establishment of township enterprises and the construction of small cities to depend on each other and to achieve same-pace development. Township enterprises should actively set up association and cooperation with large industrial enterprises in urban areas so as to supplement each other in strong points. We should guide and organize township enterprises to readjust their structure, to apply new technologies, to increase the variety of new products, to reinforce their competitive capability, and to upgrade their quality as a whole. We should further expand the program of "setting up economic and technical associations with the cities in southern China" and develop the export-oriented township enterprises. We should also uphold the principle of successfully "enforcing the responsibility system in developing township enterprises and helping or supporting localities to develop township enterprises." Efforts should be made to accelerate the development of enterprises run by districts or neighborhoods so as to lay a material foundation for the financial affairs at the district level. Non-governmental scientific and technological enterprises should bring into play their strong points of new mechanisms and the integration between science and technology; study and develop advanced technologies by gearing themselves to markets; commercialize these technologies; and create conditions for expediting the standardization, industrialization, and internationalization of these technologies. The total output value designed for non-governmental scientific and technological enterprises this year should reach 1.5 billion yuan. We should strive to establish a large number of large non-governmental scientific and technological enterprises whose output value reaches 100 million yuan or several hundred million yuan. We should also encourage or support those who have created the "first productive force" to first become wealthy. We should broaden the development space for individual-run and privately

owned enterprises and accelerate the development of them without the restrictions of proportion, standard, and speed. Meanwhile, we should actively guide these enterprises to achieve greater development in processing industries and high-and-new tech industries. We should guide and support township enterprises, enterprises run by districts or neighborhoods, non-governmental scientific and technological enterprises, as well as individual-run and privately owned enterprises to develop enterprise groups. We should enforce rent, merger, and entrusted management among the state-owned enterprises. We should also establish a large number of large and medium-sized enterprises with new mechanisms, good economic results, and strong practical strength in the province as a whole through the self-expansion of non-governmental enterprises of various categories and through the mutual harmony of enterprises with different ownerships.

To further accelerate the development of tertiary industrial enterprises and non-governmental enterprises, various localities and departments should continuously act boldly and go all out to successfully and satisfactorily implement the existing policies in a lively way according to the criterion of "three advantages." On the premise of having markets and economic results, we should truly relax the restrictions on the new establishment of tertiary industrial enterprises, township enterprises, non-governmental scientific and technological enterprises, and of individual-run and privately owned enterprises by upholding the principle of developing what we can develop, of developing them as quickly as possible, and of letting those who are able, develop them.

General economic departments, economic lever departments, and supervisory departments should all strive to facilitate enterprises rather than interfere with them in line with the principles of rendering good service, simplifying procedures, and relaxing restrictions in doing everything. Except for certain special trades that are banned or restricted by formal decrees of the state, the application for running enterprises should be subject to a registration system instead of an examination and approval system. Law-enforcement supervisory departments should not be allowed to arbitrarily apply coercive measures toward enterprises or self-employed shops, such as sealing up accounts, arresting representatives of legal persons, and confiscating or freezing assets. Except for industrial and commercial administrative departments and people's courts, no departments are entitled to seal up the accounts of enterprises or revoke the business licenses of enterprises. More funds and loans should be granted to township and town enterprises in line with the principle of giving first and taking latter. The policy on the projects of township and town enterprises that enjoy tax reductions or exemptions and on the amount of tax refunds, the policy on the working funds allocated by all levels of financial departments to aid township and town enterprises, the policy on the technological transformation funds released to township

and town enterprises, and the policy on bank loans to township and town enterprises should all be actually carried out to the letter. Professionals and technological support should be given to township and town enterprises as well as district and neighborhood enterprises, and technological and managerial personnel should be encouraged to go to townships to guide the management or to initiate township and town enterprises, district and neighborhood enterprises, and the people-run scientific and technological enterprises. Those who arbitrarily collect financial levies, service charges, and fines and who illegally extort money and pocket part of profits from non-state-owned enterprises and individual and private businesses should all be held accountable and be seriously punished. We should make great efforts to create a relaxed social environment for the development of the tertiary industry and the non-state-owned economy.

D. Price hikes should be put under resolute control, and inflation be curbed actually and effectively.

The inordinate price hikes were the most conspicuous problem in the province's economic activities last year, as well as the problem vast numbers of the masses strongly complained about. Therefore, governments at all levels should actually and unfailingly curb inflation and basically keep prices stable by regarding them as the major event in this year's economic work and as the top objective for macroeconomic regulation and control. In 1995, we should ensure that the province's price increase margin will be lower than the average national level. To attain this target, all the people in the province are required to make extremely arduous efforts.

To control the violent trend of price rises, what is most essential is to increase effective supply. We should continue to implement the various policies on supporting the development of agriculture and the building of foodstuff bases and should strive to maintain the steady increase in the output of major agricultural and sideline products such as grain, edible oil, meat, eggs, and vegetables. We should actually grasp the "rice sack" and "vegetable basket" projects, rationally allocate funds, and strengthen the purchase, transfer, transportation, and market supply of grain, foodstuffs, and major industrial products for daily use. We should accelerate the establishment of the reserve system for major commodities and give full play to the guiding role of state-owned commercial departments in guaranteeing supply and curbing commodity prices.

In controlling commodity prices, the emphasis should be placed on daily necessities of the people. Major agricultural and sideline products such as grain, edible oil, meat, eggs, and vegetables should be subject to forecast on a priority basis, to timely precautions, and to advanced regulation and control. To keep the daily lives of most people stable, it is allowed to set ceiling prices for major commodities and service charges, if necessary, in order to resolutely prevent prices from soaring. We should make good use of the foodstuff risk fund and the

price regulation fund to stabilize the prices of daily necessities. The overly rapid increase in the consumption fund is a major reason for stimulating price rises. Thus, government departments should appropriately control it by taking the lead in cutting down overly high institutional consumption.

The government's function in regulating, controlling, and managing market prices should be strengthened. We should continue to carry out the price supervision and forecast system, strictly carry out the system of reporting price hikes to departments concerned for the record and the measure of controlling the difference rate, and should extensively popularize the system of selling goods at marked prices and the various regulations on opposing staggering profits, monopoly, and fraud.

We should implement all-directional and standardized market management and resolutely punish according to law all unlawful acts, such as sales of counterfeit and inferior goods, short measurement, random jacking-up of prices, and manipulation of markets, to protect the legitimate rights and interests of consumers. We should strengthen the macro regulation and control over the prices of important commodities, and no new price adjustment measures will be issued this year except for those arranged by the state. We must adopt realistic and effective measures to prevent the prices of the means of agricultural production from rising again and to prevent the return of the unreasonably big price gaps. We should further clear up wanton collection of fees and resolutely ban all illegal collection of fees. We should establish as soon as possible a multi-layered risk fund for grain, a risk fund for nonstaple food, and a price regulating fund. We should continue the price control responsibility system for commissioners, mayors, and county heads.

E. We should open wider to the outside world and strive to develop the export-oriented economy.

We should further implement the principle of "establishing ties with the south, opening to the north, and open to the outside world in all directions" and promote foreign capital, foreign trade, and foreign economic relations simultaneously. Based on the changes in the domestic and world markets and in the policy environment, Heilongjiang plans its total volume of imports and exports at \$3.2 billion this year, up 3.6 percent from the preceding year; of which \$1.9 billion will be the volume of exports, up 3.5 percent. Introduction of foreign capital and foreign economic cooperation should all make new headway.

In view of the urgent needs in Heilongjiang's economic development, we should regard promotion of foreign investment as the focus of opening to the outside world. Seizing the opportunity presented by the endeavor of developed countries and China's southeast coastal areas to shift labor-intensive industries to outlying areas and to seek new development space, we should actively attract domestic and foreign capital and should coordinate this work with our adjustment of the industrial

composition, product mix, and enterprise organization. Judging from past practice, we should offer highly attractive projects, further improve our investment climate, and turn the introduction of investment from outside into the major behavior of enterprises if we are to achieve realistic results in bringing in outside investment. The provincial government will further formulate policies encouraging foreign investment and relax the limits on foreign investment in infrastructural facilities and the tertiary industry, on the proportions of foreign shares in the industries not concerning the national economy and the people's livelihood, and on the quantity of the products produced by the three types of foreign-funded enterprises to be sold in the country. Any undertakings may be discussed and special measures adopted as long as they conform to the general principle of opening to the outside world, and special efforts should be made to handle the special undertakings. We should step up efforts to make the managerial system for promotion of foreign investment more rational and truly apply the one-stop and coordinated service system to the screening and approval of foreign investment. All quarters should continue their great support to the three types of foreign-funded enterprises already established, and no departments are allowed to interfere in their normal production and business activities or to impose donations and fines on these enterprises at random. Cases on setting up obstacles for no reason, on interfering in the promotion of foreign investment, and on infringing on the legitimate rights and interests of the three types of foreign-funded enterprises should be strictly dealt with. In handling the economic disputes involving foreign nationals, we should act strictly according to international practice and China's relevant policies, laws, and regulations and conscientiously protect the legitimate rights and interests of the investors from outside the border.

We should actively expand spot exchange trade and expedite the strategic change in the trade of border areas. In the spot exchange trade, we should consolidate and expand the existing market foundation and then open up new markets, speed up the restructuring of the export product mix, increase the batch quantity, and upgrade the quality. We should also make continued efforts to expand the contracted construction projects abroad, labor service export, and tourism to increase the proportion of the foreign exchange earned from non-trade sources. We should actively guide large and medium-sized enterprises to enter the world market and to take the initiative in adopting the international practice concerning the standards for production and technology, the prices of products, and the methods for operation. Border areas should make strategic adjustments of their trade according to the changes of the situation and their specific problems and change the simple and unstandardized barter trade into multiform economic and trade cooperation conducted according to current regulations of the world. First, they should transform their business methods and expand the fields of business. Border cities

and counties should actively develop the cooperation with counterpart Russian administrative areas, further expand the trade between the people of both sides, step up construction of transnational economic cooperation zones, and build a number of large cooperation projects and labor service projects to promote the regional economic cooperation of northeast Asia.

Second, we should establish a commercial and trading reputation and adjust the commodity structure. We should persist in implementing the strategy of "taking product quality as our top concern," do a good job in the attestation of export products, change the situation in which only consumer goods for daily use are exported and raw materials are imported, and raise the proportion of imports and exports of products that are of high technological content and high added value. We should use opening up to promote development and accelerate the building of export bases. Third, we should raise the quality of border trade contingents and accelerate the cultivation of personnel who know both economic and trade work and a certain production technology. Fourth, we should change the business tactics, carry out group operations, strengthen competitive ability in the market, and raise the border and local trade to a new layer and a new level.

It is necessary to accelerate the building of international "big passageways" and raise our province's position in the country's opening up. This year we should basically complete the construction of the Harbin-Suifenhe Highway and strive to open a direct land transport of freight between Harbin and Vladivostok; start to repair and build Harbin-Tongjiang Highway, dredge the Songhua Jiang navigation course, and raise the capacity of river-sea relay transport; guarantee the task of renovating and expanding the Yanjiagang Airport in Harbin; • continue to organize relevant departments to inspect and study affairs on the outlets to the sea, and find a shortcut for our province to march towards the world as quickly as possible.

We should strengthen efforts in "establishing cooperation with the south" and promote economic and technological cooperation. We should persist in using the "opening up in the north" to attract "cooperation with the south," and using "cooperation with the south" to promote "opening up in the north," it is necessary to extensively conduct economic and technological cooperation with southeast coastal areas, Hong Kong, Macao, and Taiwan areas, Japan, ROK, and Southeast Asia. We should combine our province's resources advantage with the advantages of funds, technologies, and markets in the south, make joint efforts to run export processing enterprises and export commodity bases, promote the readjustment of our province's production setup and export product mix, and expand economic strength in developing markets in CIS countries such as Russia. We should actively develop "Heilongjiang-China-Russia" and Heilongjiang-foreign country-Russia multilateral economic and trade cooperation, and realistically enable

our province to become China's big passageway for opening up markets in the CIS and to develop itself in the course of serving the whole country. Continued efforts should be made to sponsor the "Harbin trade fair," step up efforts to prepare for the "Asian winter games," and turn these two events into grand meetings for publicizing Heilongjiang, expanding "cooperation with the south," and promoting "opening up in the north."

F. We should optimize the investment structure and guarantee the construction of key projects.

Keeping an appropriate increase in the investment in fixed assets is not only the important condition for accelerating a sustained economic growth in our province and intensifying the momentum for economic development but is also the need for quadrupling the GNP and attaining the level of moderate prosperity. According to an initial arrangement in the plan, in 1995 the whole society's investment in fixed assets should be 47.6 billion yuan, up 20 percent over 1994.

We should further optimize the investment structure and concentrate funds on guaranteeing key construction projects. Owing to our country's fairly tight macroeconomic investment environment, the contradictions in the supply and demands of funds will not be noticeably alleviated. The investment in fixed assets should be arranged in line with the principle of guaranteeing the completion and operation of some projects, continued projects, and the initiation of some key projects. In 1995, our province's key construction items include the Harbin-Suifenhe Highway, Harbin-Tongjiang Highway, Lianhua hydroelectric station, the renovation and expansion projects of Harbin, Hegang, and Mudanjiang Power Plants, Haolianghe Cement Plant, the "No. 1 vehicle project," the 1 million sets of radial tires of Hualin Rubber Plant, the domesticization of the numerical controlled machine tools of Qiqihar Machine Tools group, Jiamusi's 85,000 tonnes of kraft paper project, the 80,000 tonnes of polyester project of Heilongjiang polyester fiber plant, the 70,000 tonnes of polystyrene project of Daqing, the Harbin phenol acetone project, the project of producing an addition of 300,000 color television sets and 50,000 audio sets of the Mudanjiang Kangjia Industrial Company, Limited, and the renovation of the Harbin Yanjiagang Airport. Meanwhile, we should strive to gain state approval to build and expand the 70,000-tonnes polypropylene project of Daqing, Qitaihe Power Plant, and the 150,000-tonnes synthetic ammonia project of Heilongjiang Chemical Plant. We should pay close attention to collecting funds for these key projects, accelerate the construction rate, and make them reach production scale and yield desired efficiency on schedule.

We should pay attention to the effects of investments. Hereafter, investments made in fixed assets should be linked with the readjustment of the structure of products and industries. We should emphatically prepare a special

policy for investments to the basic industries of energy resources and communications as well as to the deepening and precise processing of natural resources. We should distribute investments chiefly according to the technical renovations and the expansion of productive capability of 10 large bases and five large pillar industries. We should strictly control and will not approve such projects that do not conform with the direction of readjusting the structure of products and industries, that are duplicated, that have not yet received funds, that suffer from irremediable breaches, that have no clear prospect in the markets, that have a low rate of investment return, and that have been carried out with the old mechanism. We should reexamine the projects that have been under construction in line with the aforementioned demands and must stop those that deserve to be stopped so as to utilize the funds for ensuring the key projects and the projects with little investment, rapid effects, and high benefits. We should uphold the principle of "few new projects and more technical renovations" so as to enable the limited funds to exert the largest effect.

We should shift the mechanism of investments and adopt new mechanisms either in the projects under construction or in new projects. In beginning to raise funds, we should define the pluralistic structure of investments and the pluralistic relations of property rights among the new projects with competitiveness and should enforce the responsibility system for corporate investment and the systems of inviting and entering bids. Legal entities should be responsible for the design, appraisal, fund raising, construction, and management of projects as well as for the whole process of loan repayment. We should conduct reform in line with this principle among the projects that have been opened. Governmental departments should enhance their readjustment, control, and services for the investments made in fixed assets; and should not undertake the whole thing in the policy decision, fund raising, construction, and loan repayment of projects with competitiveness. We should clear up the projects for which the government is responsible to repay the debt and enforce, in an overall way, the shifting of mechanisms among the responsibility systems of corporate investment.

G. We should enhance macro readjustment and control and make efforts to successfully conduct finance and banking work.

The strained financial situation will be a major bottleneck that restricts the economic and social development of the province either at present or for quite long time in the future. It is imperative that we vigorously and successfully conduct the work of finance and banking so as to achieve sustained, rapid, and healthy development in the province's economy and to relieve the increasingly strained contradiction between fund supply and demand.

We should further perfect and standardize the system of tax distribution and realistically deal with the new contradiction and problems cropping up in the course of

enforcing the system so as to ensure the smooth operation of enforcing the financial and tax systems. In 1995, the province's financial revenue plan will show an 8.5 percent increase over 1994. Efforts should be made to achieve a basic balance between revenue and spending. Fundamentally speaking, we still should rely on economic development to fulfill the above mentioned target. In utilizing financial revenues and funds, we should give priority to the center of economic construction and enforce special policies in funds among the construction of "10 large bases" and "five large pillar industries." We should continuously regard the work of supporting agriculture, science, technology, and education as a focal point in financial spending. The tertiary industry and non-state-owned economy will be an important aspect in forming the province's new foundation of financial resources. Therefore, we will continuously and somewhat increase the working funds of provincial level finances for township enterprises and non-governmental scientific and technological enterprises this year. In particular, we should ensure a 15 percent increase in making budget arrangements for supporting the development of township enterprises this year. We should uphold the principle of tightening the belt, vigorously curtail the social institutional consumption, strictly control the increase of administrative spending, realistically enhance financial supervision, and strictly enforce financial discipline. The work of tax collection and management should be further enhanced and the principle of running tax affairs in line with the law should be upheld so that we will be able to resolutely block various tax breaches and to ensure that the financial revenue is sufficiently submitted to the state in a timely manner.

We should strive to successfully carry out banking work and alleviate our province's difficulties in fund shortages. Our province is seriously short of funds and is one with a big debit balance, therefore, banking invigoration is especially important to it. We should raise funds through various sectors, try our utmost to clear defaulted payments, further invigorate the use of reserve funds, make use of the increment of funds as effectively as possible, and accelerate the turnover rate of funds. It is necessary to strengthen and improve the internal management of banks, strive to expand savings, increase the sources of credit funds, and raise the level of self-sufficiency in bank funds. At present, more than 38 billion yuan of provincial funds have yet to be used. This year, we should strive to invigorate the use of these funds at over 5 percent. It is necessary to strengthen inspection and supervision, solve problems involving enterprises diverting their funds to different areas, and deposit their funds in various banks, and strive to reduce unnecessary circulation of funds. Taking advantage of the opportunity of implementing the new economic development strategy, we should actively readjust the credit structure, optimize the use of the increment of funds, and make special efforts to expand support to the tertiary industry and the non-state sector of the economy. All banking

organs should put aside a definite proportion of the newly increased amount of loans to support the development of the non-state sector of the economy and tertiary industry. We should strengthen the management of funds, give further play to the role of all special banks and stock companies, credit cooperatives, and other banking units, and strive to establish the cooperative banks in the urban areas this year. We should continue to do a good job in striving for funds from the higher level in an effort to increase the credit scale and funds and guarantee that funds, especially the funds for key construction projects, will be put in place in a timely manner. It is necessary to strengthen banking supervision and management, gradually differentiate the banking business and management, and promote further improvements in the banking order.

H. We should continue to uphold the principle of invigorating the province with science and education and promote comprehensive progress in all social undertakings.

To realize rapid economic development, we must have a sound social development as the support. We should further implement the principle of invigorating the province with science and technology, strive to increase input in social development, promote the progress of all social undertakings, and promote the unceasing enhancement of the quality of the people's living, the population quality, and the degree of social civilization. Through government behavior, people's participation, and effective management and operational mechanism, we should strive to create a stable, united, sound, civilized, vigorous, and unceasingly progressive social environment.

We should give priority to developing educational undertakings. Fundamentally speaking, we must rely on education to accelerate Heilongjiang's economic development and establish the socialist market economic system. We should persistently place education in a strategic position of priority development, conscientiously implement the "outlines for China's educational reform and development," and our province's implementation plan, accelerate the pace of educational reform and development, comprehensively raise the educational level and quality, and provide strong and forceful personnel support and intellectual guarantee for realizing the objective of quadrupling the GNP and attaining the level of moderate prosperity. Continued efforts should be made to readjust and optimize the educational structure, vigorously develop vocational education, adult education and education for nationalities on the basis of popularizing the nine-year compulsory education, properly develop higher education in line with the principle of controlling the quantity, raising the quality, and readjusting the structure, strive to implement the "2855" project, and optimize the layout of higher educational schools and the size of special courses. We should reform the system of running schools and gradually establish a new pattern of making the governments play a main part in running schools and

pooling the efforts of various social sectors to jointly run schools. It is necessary to reform the enrollment, school fee collection, and job placement after graduation, and accelerate the changes in running schools. We should reform the curriculum and teaching methods, strengthen and improve moral education in schools, and comprehensively raise the quality of the contingent of teachers. Governments and all relevant departments should persist in doing practical things for educational development. Governments at all levels should guarantee an unceasing increase in the state-allocated educational funds in the course of increasing the economy and financial revenue, and guarantee educational expenditure on a priority basis. The increase in educational funds should be higher than the increase in the regular financial revenue, and efforts should be made to realistically guarantee that the expenditures on the wages of teachers and the average per-capita public funds for students will increase every year. It is necessary to strictly forbid the misappropriation of educational funds. We should raise the much-needed educational development funds through various channels, raise the wages of teachers, and mobilize the enthusiasm and creativity of the broad masses of teachers.

We should promote scientific and technological advances. We should accelerate the transformation of scientific and technological achievements into realistic, productive forces, ensure a good job in the dissemination of new technology and new products, and complete the scientific and technological joint research projects defined in the Eighth Five-Year Plan. We should greatly develop high- and new-tech industries, step up construction of the Harbin and Daqing state-level high- and new-tech industrial development zones, and successfully manage all high- and new-tech parks, zones, and small areas. We should cultivate and improve the science and technology markets to promote the commercialization of scientific and technological achievements. In line with the principle of "concentrating on scientific and technological research and, at the same time, encouraging the commercialization of research results," we should continue to lift controls to invigorate scientific research units and scientific and technical personnel. We should establish a talent protection mechanism to protect talents, encourage them to work for us, and stabilize their contingents. We should step up establishment of a scientific and technological information network, a scientific and technical personnel database, an achievement information database, and a project information database. We should broaden the channels for international scientific and technological exchanges and cooperation and coordinate the introduction of technology with the introduction of capital from abroad and the trade of technology with other trade in order to expedite the integration of science and technology with the economy. While intensifying the research on natural sciences and the dissemination and application of new technology, we should attach importance to the research on social sciences.

We should develop press and publication, radio and television, cultural and art, and public health and sports undertakings. Radio and television units as well as press and publication units should play a guiding role by providing correct public opinion to encourage the people to plunge themselves into reform and the modernization drive. We should strengthen the management of the copyright and the distribution of publications and audio and video products to protect intellectual property rights. Cultural and art departments should make literary and art creation flourish, advocate national culture and regional culture, and publish more outstanding works that reflect the major melody of this era and that encourage people to advance, so that people's ever growing spiritual and cultural demands can be met. We should do a good job in developing the community culture, enterprise culture, and rural culture in particular and carry out rich and colorful mass cultural activities. We should strengthen the management of the cultural markets and make unremitting efforts to "wipe out pornography" and "crack down on illegal publications." Efforts should be increased in public health, epidemic prevention, and medical care, in revitalizing Chinese traditional medicine, in maternal and child hygiene and rural hygiene in particular, and in the management of medicine markets. We should improve medical ethics and raise the quality of medical service. We should deepen reform to improve the medical service system. We should pay attention to the training of the athletes who are to attend the Winter Asian Games, implement the all-people health plan, and develop extensive mass sports activities.

We should make a success of family planning and environmental protection. We should continue to resolutely implement family planning and environmental protection, which are China's basic policies. Principal leaders of the governments at all levels should attend to family planning and environmental protection personally, assume overall responsibility, include them in local economic and social development plans, and make sure that Heilongjiang's natural population growth is kept within 10 per thousand and compliance with its planned birth rate remains at 90 percent. We should strengthen the management of land resources, protect cultivated land, and expand the scope of compensated use of land to increase the income from land assets. We should enhance all the people's sense of environmental protection, establish the system of environmental assessment for construction projects, increase the input in environmental protection, and protect and improve the environment according to law.

We should strive to expand employment, gradually eliminate poverty, and facilitate the coordinated development between different regions, between urban and rural areas, and between different nationalities. In rural areas, we should guide and organize peasants to speed up the process of industrialization and facilitate the transfer of the surplus rural laborers to the industries other than agriculture. In cities, we should greatly develop diverse

business to actively provide employment opportunities for jobless people. We should conscientiously organize people to implement the state "plan for lifting 80 million from poverty in seven years," succeed in disaster prevention and reduction, in aid-the-poor work, and in social relief, mobilize all quarters of society to participate in the joint aid-the-poor work, and enable the people in rural poverty-stricken areas to have sufficient food and clothing by the end of this century. We should facilitate the reform of the housing system, develop the "comfortable housing project," and gradually solve the housing problem for the urban households whose per-capita living space is under 4 square meters. We should conscientiously implement the policies on nationalities and support the economic development of minority nationalities to make the economy of minority nationality areas flourish. We should pay attention to protecting the legitimate rights and interests of women, children, the elderly, and the handicapped.

Fellow deputies: In the course of quadrupling the 1980 GNP and heading for being better-off, we should always and persistently apply Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to unifying thinking; enhance the consciousness in implementing the party's basic line; and unswervingly and successfully grasp the construction of socialist spiritual civilization. Through the activities in memory of the 50th anniversary for the victory won in the War Against Japanese Aggression, we should deeply conduct education on patriotism, collectivism, and socialism; and give priority to developing the spirit of Daqing, Iron Man, and Great Northern Wilderness. A good job should be done in conducting education on social morality and professional ethics to form a fine social morale. We should improve to a new level the activities of fostering civilized units, cities, and villages; as well as the army-civilian and police-civilian campaigns of mutually building civilized units, and the activities of "double supports."

I. We should enhance the construction of socialist democracy and legal systems to promote economic development and social stability.

We should actively expedite the construction of democratic politics. Governments should closely rely on the party's leadership and consciously accept the supervision of the people's congress at the same level and its standing committee as well as of the CPPCC committee at the same level. They should frequently report their work to the people's congress, accept the discussion held by the people's congress on major and important issues, and resolutely implement the decisions and resolutions adopted by the people's congress. They should also earnestly listen to and accept the opinions, suggestions, and criticism raised by the people's deputies, the CPPCC members, various democratic parties, the federation of industry and commerce, and nonparty personages; and should do a good job in earnestly handling the suggestions made by the people's deputies and the motions

raised by the CPPCC members. A good job should be done in further conducting the work related to the affairs of nationalities, religions, foreigners, overseas Chinese, and civil administration. Efforts should be made to bring into full play the role of mass communities such as trade unions, the CYL, the women's federation, the science and technology association, and the social sciences federation in linking and relaying. We should establish or perfect the systems of making policy decisions in a democratic and scientific way and the procedure of implementing these systems so as to enable the government to extensively solicit opinions from various social circles in making its policy decisions and to reduce its policy faults as much as possible. Attention should be paid to the role played by the congress of staff members and workers as well as by the residents' and villagers' committees and to ensuring the masses at the grass-roots level to fully perform their democratic power.

We should enhance the construction of socialist legal systems. A good job should be done in formulating overall plans for government work on legal systems; in accelerating the pace of economic and administrative legislation; in enhancing the law enforcement in administration and the supervision over law enforcement; and in applying laws and regulations to standardizing, guiding, and restricting economic and social activities so as to ensure the healthy development of the socialist market economy. In particular, we should firmly grasp the formulation of relevant laws and regulations for ensuring the development of the non-state-owned economy and for safeguarding the legal rights and interests of individual-run and privately owned enterprises. We should earnestly implement and enforce "Heilongjiang's Regulations on Standardizing the Law Enforcement in Administration" and realistically correct the phenomena of not doing things according to the law, not enforcing the law strictly, and of not calling legal violations to account. Efforts should be made to enhance the propaganda on legal systems, to deepen the education on legal systems, to upgrade the sense of legal systems of the society as a whole and particularly the sense in this regard of leading cadres of governments at all levels, and to improve the capability of leading cadres at all levels in applying legal methods to managing the economy and society.

We should successfully conduct the comprehensive management of public security. Efforts should be made to enforce the system in which leadership should hold responsibility for the attainment of certain objectives in the comprehensive management of public security. By aiming at the new trend of criminal activities that have cropped up under the conditions of the market economy, we should implement the principle of preventing crimes as a mainstay; uphold the task of mutually grasping comprehensive management and mutually managing public security; and concentrate efforts on carrying out comprehensive management and on dealing blows at specific crimes so as to suppress the arrogance of various crimes and to hold back the rising trend of serious and

appalling criminal cases. Efforts should be made to heavily punish criminals in line with the law and in a timely manner, to deal strict blows at various crimes and economic crimes, and to accelerate the pace in cracking down on criminal cases and in handling serious and appalling cases. We should strictly punish criminals who have ridden roughshod over the common people, train marauding and waylaying who have disturbed the society, rural ruffians and despots, as well as gangsters and evildoers. Efforts should be made to investigate and ban the evil social phenomena of prostitution and visiting prostitutes, drug trafficking and consumption, feudalism and superstition, gambling and causing trouble, and abducting and selling women and children. We should also enhance construction and management over communications and fire prevention, and curtail the occurrence of fire disasters and traffic accidents. A good job should be done in conducting the basic work at the grass-roots level, in enforcing the system of having the masses join in prevention and management, and in safeguarding the social public order to ensure the security of public places and the safety of major and large festivals as well as of large-scale activities. We should enhance the construction of the contingent of personnel in charge of public security and judicial work, reinforce the police forces, upgrade the quality of these personnel and forces, purify the contingents, strictly enforce the discipline, and straighten out police morale so as to realistically ensure the safety of lives and property and the smooth progress of modernization.

We should unwaveringly safeguard social stability. Stability is the prerequisite for reform and development. The governments at various levels and the departments concerned should fully understand the protracted nature and arduousness of safeguarding social stability and realistically strengthen their insight and ability in meeting an emergency and alleviating contradictions. We should prominently grasp key areas and key units; handle sudden situations for the masses in a timely and appropriate manner; and conscientiously solve various kinds of problems due to a delay in wage payments, dismantlement for urban housing construction, bond redemption and acceptance, and readjustment of interests in the course of reform. We should strictly distinguish and accurately treat two different categories of contradictions, accurately judge the nature of contradictions, never adopt lenient measures against those who should be attacked, adopt steady methods to handle the contradictions among the people, positively persuade the people to avoid intensifying contradictions, and strive to resolve all kinds of contradictions at the bud that exist among the grass-roots and among the people. We should achieve the state security work and prevent hostile forces' infiltration and damages. The national defense education and the militia and reserve service work should be strengthened. We should manage border areas, develop good-neighborly and friendly relations, and maintain the stability of border areas. We should conscientiously achieve the work of receiving visitors and

handling incoming letters from the masses, carefully listen to the people's opinions and complaints, and solve the urgent and pending problems of the masses.

J. Governments should strengthen self-construction and bring their overall functions into play.

To fulfill the 1995 tasks for reform, development, and stability, we must strengthen and improve the government work, bring the governments' overall functions into full play, and conscientiously implement the duties of government.

Governments should realistically change their functions and create a relaxed environment of economic development. Our province's organizational reform program has been approved by the central authorities. The province will realistically start to carry out the provincial-level organizational reform from the second quarter. Thus, we should strive to basically fulfill the provincial-level organizational reform within a short period of the time. We should carefully organize forces to implement the reform program as approved by the central authorities. The governments at various levels and all departments should be strict in promoting and using cadres in the course of conducting the organizational reform. We should focus this government organizational reform on changing the government functions, setting up a new administrative management system and a new operational mechanism both suitable to the demands of the market development, and creating a relaxed environment which is conducive to promoting the economic and social development. The governments at various levels and their departments must firmly foster and also persist in the guiding ideology of taking the economic construction as a key link and sincerely persist in the standards which are conducive to the development of socialist social productive forces, the enhancement of the overall national strength of the socialist countries, and the improvement of the people's livelihood so as to embody in our ideology and action that development is an essential principle. We should further emancipate our mind, change our ideas, thoroughly change the traditionally planned economic management forms and means, accurately exercise our power, create less interferences, provide more services, simplify procedures, and improve efficiency. We should conscientiously sort out various policies, rules, and regulations and resolutely abolish those that do not conform to the demands for developing the socialist market economy and are not conducive to the development of productive forces. We should proceed from the actual conditions of the localities and the departments and firmly and creatively implement accurate policies and measures to the letter. All localities and departments should foster the thinking of taking the overall situation into consideration, proceed from the provincial overall work situation, and be sure to strictly enforce orders and prohibitions. All departments should conscientiously implement the provincial party committee and government's major policy decisions and measures related to the local economic

development. The overall economic departments and the economic lever departments, including the departments and units directly under the central authorities, should proceed from supporting the local economic development; make good and full use of existing policies; strengthen coordination; prevent "wrangling over policies" and "fighting with documents;" work cooperatively under the major goal of accelerating the province's reform and development; actively assume responsibility; realistically solve the problems affecting the progress of reform and development, such as "intermediate obstacles," barriers between trades and between departments, each unit acting on its own ways, and creating obstacles for one another; and strive to promote the implementation of the provincial party committee and government's major policy decisions.

We should unswervingly wage the struggle against corruption and strengthen the improvement of administrative honesty. All government members should set an example according to the requirements as set forth by the party Central Committee, the State Council, the provincial party committee, and the provincial government; take the lead in being administratively honest and self-disciplined; and continue to implement the two sets of "five regulations."

We should concentrate efforts on investigating and handling a number of cases on violating discipline such as proceeding from the interest of one's department while handling and investigating major and appalling cases on abusing one's power to seek personal gain, neglecting one's duty, engaging in corruption, bribe-taking, and degeneration, and failing to enforce laws and prohibitions; investigate and handle cases on serious bureaucracy which cause serious losses, and cases on abusing one's power to blackmail and entrap the people and infringe upon the interests of enterprises and the masses. It is necessary to give impetus to investigating and handling major and appalling cases in banking, stock, capital construction, real estate, land-lease approval spheres where the rate of crime incidents is high and the major and appalling cases are fairly great in number. We should perfect and improve the mechanism of supervision and restraint and adopt both radical and stopgap measures. We should further strengthen and consolidate the conduct and discipline of government organs, realistically check the unhealthy trends in departments and various trades, grasp the prominent problems, and concentrate on solving major problems. This year we should give priority to investigating and handling problems on randomly setting checkpoints and collecting fines and tolls in highways and arbitrarily collecting fees in primary and middle schools and donations from peasants. It is necessary to further promote the fine traditions of hard working and arduous struggle and maintain close ties between the party and government with the people. The people's government should serve the people. We should regard the people's approval or disapproval, support or nonsupport, agreement or disagreement as

the criterion for judging the success or failure of government work; government leaders and functionaries at all levels should firmly cultivate a correct life outlook and the concept on value, work diligently for the people, provide selfless dedication, and realistically practice the purpose of wholeheartedly serving the people.

We must realistically improve work style, never tell lies, do practical things, seek truth from facts, and deal with concrete matters relating to work. The province's overall ideology and fighting objective for economic development have been defined and all principles, policies, and specific tasks have been clarified, the crucial issue involved now is to implement them. Governments at all levels and all departments should take a matter-of-fact attitude, organize the implementation of all tasks in a down-to-earth manner, and push the work forward. It is necessary to organize the government leading cadres and functionaries at all levels to conscientiously study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the theory on the socialist market economy, and modern science and technology, enhance the political and professional qualities of the government functionaries, and strengthen their ability to control the overall situation. We should strive to do practical things for the masses of people, keep the well-being of the people in mind, care for their hardships, pay attention to solving the practical difficulties of the masses, including their clothing, food, and accommodation, and on the basis of developing production, unceasingly enhance the living standards of the people across the province. We should pay attention to improving the work patterns and methods and cultivate a work style of seeking truth from facts and dealing with concrete matters related to work. We should actively reduce the number of meetings and documents, free the government leaders at all levels from numerous documents and meetings and unnecessary social gatherings, and enable them to set aside more time for going to the grass roots and to the reality of life to realistically solve their difficulties and hot issues in the course of reform and development. We should guard against formalism and oppose empty talk and boastfulness. It is necessary to share the essential economic development targets to each level, have each person implement them in each and every department, and regard the growth of financial revenue and taxes, the success or failure in economic efficiency, and the improvements in the people's living standards as the main basis for assessing the work achievements of governments at all levels, all departments, and the leading cadres. Governments should realistically become honest, practical, and high-efficient governments, unswervingly uphold the correct policies, grasp them through to the end, implement them rapidly, strive to seek efficiency, and form a good work style of grasping the work, paying attention to efficiency, and seeking actual achievements.

The Ninth Five-Year Plan period will start at the beginning of next year. This period will be extremely important for us to advance reform, opening up, and the

modernization drive, and to realize the objective of quadrupling the GNP and attaining the level of moderate prosperity. Studying and formulating the Ninth Five-Year Plan is a major issue which should be conscientiously grasped as one of the important tasks of this year. We should organize the forces of all sectors, and study some major issues that affect the overall situation of our province's economic and social development in accordance with the ideology of developing the socialist market economy. We should do compilation and coordination work well, select some major items, and strive to list them more in the state's Ninth Five-Year Plan.

Fellow deputies, realistically and successfully carrying out all tasks in 1995 is of extremely important significance in enabling our province to overcome the difficulties on the road of advance, comprehensively fulfill the Eighth Five-Year Plan, smoothly enter the Ninth Five-Year Plan period, and further accelerate the pace of reform and development. During this year which serves as a watershed between the past and the future, opportunities coexist with challenges as do difficulties with hope. Under the correct leadership of the party committee, let us unite and lead the people of various nationalities across the province to further emancipate thinking, enhance spirit, strengthen confidence, exert vigorous efforts to make the country prosperous, work in a down-to-earth manner, advance in a pioneering spirit, and struggle to regain the magnificence of Heilongjiang.

Northwest Region

Gansu Governor Stresses Enterprise Reform

HK2804072595 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 15 Apr 95

[FBIS Translated Excerpt] Between 12 and 15 April, Governor Zhang Wule while inspecting work in Baiyin Prefecture stressed: It is necessary to focus the economic work on deepening enterprise reform, and seriously do a good job in this regard. This is one of the key points in our work this year.

Zhang Wule pointed out: Enterprise reform should increase the dynamism of the enterprises in their production and business operation, and should improve the living conditions of the workers, thus keeping the work force stable. Priority should be given to raise the economic efficiency of the enterprise operation. Enterprises should continuously make progress and break new grounds in this regard. At the same time, enterprises should be guided to make efforts to guarantee and improve product quality. Enterprise management should be improved, and this is the key to the success in their business operation. One more important point is technological transformation and the upgrading of production. Leading bodies of the enterprises should be beefed up, and it is particularly important to have a good directors. [passage omitted]

Xinjiang Fires Senior Cadres for Funds Misuse

HK2704143995 Beijing ZHONGGUO XINWEN SHE in English 1201 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (CNS)—Two senior government cadres in Xinjiang Autonomous Region were punished for misuse of public funds for lavish dining and entertainment expenses in defiance of the government order on banning such practices, which was made known to them since March 10, 1995.

Liu Jiangfu was formerly deputy director of a district technology monitoring bureau in Urumqi City. It was alleged that on April 12, 1995 that Liu, and other government cadres, while in the course of execution of official duties, accepted invitation of a self-employed businessman to attend a dinner reception which cost 1,142 yuan. As a result, Liu lowered the amount of guarantee deposit from 300,000 to 50,000 yuan the businessman ought to pay. After the matter was exposed and affirmed, the Urumqi Municipal Party Discipline Committee and the Supervision Board ruled that Liu be removed from office. In addition, Liu Detang, director of the said bureau and immediate boss of Liu Jiangfu, was found liable for negligent supervision and was seriously reprimanded.

In a separate case, Li Guangming, former deputy headmaster of the Number Five Secondary School of the Hui Autonomous Prefecture of Changji, was found to have abused public funds for his own use and on banquets on March 29, 1995. The Changli Prefecture Party Discipline Committee and the Supervision Board ruled that Li be removed from his post and seriously reprimanded, as a Communist Party member, by the Party.

The Xinjiang government is striking hard on corrupt officials who misuse public funds for exorbitant dining and entertainment expenses. In the wake of stern disciplinary measures against cadres, total entertainment expenses incurred in Xinjiang in March 1995 went down by nearly one million yuan compared with February 1995. In Emin County alone, the amount of entertainment expenses saved, as compared with the previous month, was 42,000 yuan.

Editorial Stresses Development for Xinjiang

OW2704144595 Urumqi XINJIANG RIBAO in Chinese 9 Apr 95 p 1

[Editorial: "The Future of Xinjiang Lies in Promoting Agricultural Development"]

[FBIS Translated Text] News from Beijing in early spring brimmed with the inspiring atmosphere of spring-tide. During the Third Session of the Eighth National People's Congress, General Secretary Jiang Zemin and Vice Premier Zhu Rongji separately participated in discussions with the Xinjiang delegation. Comrade Zhu Rongji pointed out, in the way of someone who sees

clearly from a commanding height: The future of Xinjiang lies in promoting agricultural development. Full of pride and enthusiasm, Comrade Jiang Zemin said: Xinjiang has bright prospects.

They represent a conclusion that brings a painted dragon to life by putting in the pupils of its eyes, and gives expression to the words we wish to say but have not said, or that we have said but that have failed fully to convey our idea. Here, the importance of promoting agricultural development is raised from the frequently-mentioned "foundation" to the high plane of the "future." And, here, the tunnel of history converges with the road of reality; our subjective desire is integrated with objective conditions; and the interests of the whole nation dovetail with the local interests of Xinjiang through the choice of industrial orientation. The choice to promote agricultural development was made on the basis of practice-understanding-practice again-and understanding again. It was a realistic, well-considered, and historical choice full of pith and point.

The contrast caused by a vast expanse of territory, poverty, and backwardness had us worried. How can we accelerate Xinjiang's economic development? How can we gradually narrow the gap between the eastern and western regions of China in terms of development? And how can we enable people of all nationalities in Xinjiang to lead a fairly comfortable life by the end of the century, and at the same time as people in other parts of China? For years, we considered industries, compared advantages, looked for an opportunity, and explored a way out. In practice, we indiscriminately copied the experiences of other localities. As a result we hit snags, met setbacks, suffered losses, and paid a price. However, finally, we become smart and sensible and our understanding is now closer, step by step, to the objective truth of "proceeding from reality in all work."

We have come to realize that, for historical and geological reasons, Xinjiang's industry and tertiary industry are underdeveloped, and that it takes time to gradually create conditions for promoting development. In this regard, we should calmly face reality. Meanwhile, we have come to realize that agriculture plays an especially important role in Xinjiang as it is far away from the hinterland, has a long transportation line, and is a relatively independent economic region. Xinjiang must base itself on its agriculture to solve the problem of providing enough food for 16 million people; social stability must be established on the basis of agricultural stability; and, to a great extent, we must also depend on agricultural development to promote industrial development and the development of tertiary industry at present. In the large view of Xinjiang's economic and social development, agriculture always exerts great influence and plays a major role that "will affect the situation as a whole if it, as only one part, moves even slightly" and "will win the whole chess game if the right move is made." Xinjiang is a vast region endowed with agricultural resources. Gifts of nature abound in Xinjiang, such

as the soils under our feet, water, heat produced by light, weather, and other natural conditions. There is tremendous potential for us to promote agricultural development as we enjoy great advantages. Besides, there will surely be a greater demand and a bigger market for agricultural products if the economy enjoys greater development under the conditions of a market economy. We can make full use of the advantages and bypass the disadvantages in promoting agricultural development. Is that not right?

Xinjiang gave the nation a pleasant surprise with its 9 percent growth in agricultural output in 1994—a rare achievement nationwide. Revenues derived from both an improved cotton price and increased production alone reached several billion yuan. What other industries have such remarkable efficiency? Xinjiang's cotton led all the way to win five gold medals in total production, per unit area yield, quality, procured volume, and volume released to other provinces. This important contribution to the state has made the central authorities look at us with new eyes and have won us high admiration from some fraternal provinces and regions. Practice has brought us greater confidence and better understanding. Although Xinjiang is economically backward, it is not as far as agricultural production level is concerned. Agriculture offers tremendous social benefits, with economic efficiency being increasingly enhanced following price and policy adjustment by the state. Relying on agricultural development, Xinjiang will certainly be able to achieve its goal of economic development to the extent that everyone can lead a fairly comfortable life by the end of the century.

Xinjiang has not only secured a good start in agriculture, but also faces an unprecedented historic opportunity. In recent years, agricultural products—including grain and cotton—have been on the decline nationwide, resulting in an obvious supply-demand contradiction, and turning agriculture into the weakest link in national economy. The state has adopted important measures to protect and support agriculture, including reforming the procurement and marketing system for grain, cotton, and fertilizer, and strengthening macroeconomic control. A provincial governor responsibility system has been adopted in grain production, under which each province and autonomous region will have to strive for a supply-demand balance—a measure aimed at overcoming grain problems in some provinces and autonomous regions. Cotton prices will be raised further following their sharp increase last year. Taking the nation as a chess game, Xinjiang has been designated a state-level commodity cotton-producing base, providing cover for such non-cotton-producing areas as Beijing, Tianjin, and Shanghai as well as other provinces. Xinjiang has further been earmarked as one of the nation's new granaries.

It pays to keep a watchful eye. Weak agriculture is a common problem in the present world (including some developed capitalized countries). In the process of developing a socialist market economy, China's agricultural

sector has not only faced such heavy pressures as a growing population, improved living standards, and accelerated industrialization; but also serious constraints such as declining farmland, water resources shortage, and poor infrastructure. Hence, in the long-term, agriculture will remain weak and require protection, and food and clothing for the 1.2 billion population will remain a top issue. For cotton, in particular, the contradiction created by nationwide demand and production and release by only a few provinces and regions will exist for a long period. As such, Xinjiang's agricultural opportunity will not be momentary.

What does opportunity imply? It implies greater state policy and funds in support of Xinjiang's agricultural infrastructure construction and an opening up of agricultural resources and accelerated development and growth

of agriculture-based industrial chains. This will particularly be the case in light of the gradual shifting of the textile industry from the south east coastal areas to the cotton-producing west. Xinjiang's textile industry will ride on the crest of success. It also implies, thanks to greater agricultural development, a rapid increase in both peasant incomes and local revenues, and a faster pace in shaking off poverty in economically backward areas. In short, opportunity has sketched a clearer picture of Xinjiang's prospects.

The prospects are bright; opportunities are rare; missions are arduous; and time is pressing. Let us grasp agriculture resolutely and firmly, break through brambles and thorns, charge forward solidly, and prepare a path for economic development that is compatible with Xinjiang's reality.

Official Notes 'Substantive' Step for Air Links

*OW2804082995 Beijing Central Television Program
One Network in Mandarin 1411 GMT 27 Apr 95*

[Announcer-read report over video; from the "Night News" program—passages within quotation marks recorded]

[FBIS Translated Text] After attending an academic symposium on cross-strait civil aviation in Taiwan, Li Zhao, deputy director of the Civil Aviation General Administration of China, returned to Beijing via Hong Kong this afternoon. He maintained that exchanges during his trip to Taiwan had marked the beginning of substantive developments in direct cross-strait air services.

[Li] "This was a very important substantive step in the wake of General Secretary Jiang's Spring Festival speech; it was also an occasion for promoting direct cross-strait air services. It was the first time we government officials went to Taiwan in an unofficial capacity to discuss specific issues."

He said that the proposition he made in Taiwan struck a chord with Taiwan's civil aviation circles. According to the proposition, we should not indefinitely postpone direct cross-strait air services, for which the time is ripe, because of existing political differences between the two sides of the Taiwan Strait. Officials in charge of Taiwan's major airlines expressed similar views.

[Li] "Toward the end of the eighties, all our airline companies, except those flying international routes, removed the then-Civil Aviation Administration of China's label in preparation for direct cross-strait air service."

He said that direct cross-strait air service should pose no problems on technical grounds. According to Deputy Director Li Zhao, the next academic symposium on cross-strait civil aviation will be held in Beijing in August. He expressed the hope that more substantive progress would be made then. He also disclosed that Taiwan's civil aviation authorities had tentatively selected air routes serving six cities—including Beijing, Shanghai, Guangzhou, Shenzhen, and Xiamen—in the event of direct cross-strait air service. [video shows an Air China airplane taxiing on the runway and taking off]

ARATS Official on Shennong Creek Accident

OW2704175795 Beijing XINHUA in English 1732 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (XINHUA)—The Association for Relations Across the Taiwan Straits (ARATS) has assisted the departments involved in handling the visit by family members of those who died in the Shennong Creek accident last Sunday in central China's Hubei Province.

In an interview with XINHUA, an official with ARATS said today that the association had informed its counterpart, the Straits Exchange Foundation (SEF), of the accident, soon after the tragedy occurred, in accordance with a bilateral agreement on the handling of urgent matters.

ARATS also sent a deputy secretary-general to the spot where the accident had occurred to offer any help needed by family members of the deceased, he said.

The official said that ARATS will continue to forward other requests from the SEF and the families of the deceased to related departments and do its best to render assistance.

He noted that accidents involving loss of life or property of compatriots on either side of the Taiwan Straits should be handled on the spot where the accidents occur. This is a practical method, in view of the current state of relations across the straits.

Any demand by SEF that goes beyond the agreement with ARATS would have a negative effect on the feelings of the families and would cause undue trouble in relations across the straits and handling the accident, the official pointed out.

He reiterated the belief that unforeseen accidents should not impede the normal exchanges between the two sides, or contacts and cooperation between ARATS and SEF.

The tragedy happened last Sunday when a boat carrying 26 people, including 18 Taiwanese tourists, struck a rock and capsized while drifting on Shennong Creek, a tributary of Chang Jiang River.

***Article Views Eastward Shift in Taiwan Trade**

95CE0369A Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 3, 6 Mar 95 pp 53-55

[Article by Li Fei (2621 7236), Taiwan Institute, Xiamen University: "Taiwan Foreign Trade Focus Shifts To Asia-Pacific Region"]

[FBIS Translated Text] Taiwan's overall foreign trade situation was generally more optimistic in 1994 than during the previous year. The boom cycle has begun an upturn, and the economy is entering a new period of expansion. Accompanying a shift in the foreign trade focus toward Asia has been a substantial shift in Taiwan's markets; its favorable balance of trade is steadily waning; major adjustments are taking place in the commodity mix; and a new trade pattern is gradually being established.

I. Turn For the Better in the Foreign Trade Situation

Thanks to the booming development of the Asia-Pacific economy and revival of the American economy, Taiwan's foreign trade situation showed a marked expansionary trend in 1994. Estimates call for gross imports and exports to reach or approach \$180 billion for 1994,

up 10 percent from the previous year, another all-time high. Propelled by an expansion of investment abroad by Taiwan firms, the speed of export trade growth has quickened further, rising to 9 percent from the 4.3 percent of 1993. Exports had a value of \$93 billion. Stimulated by local consumption demand and public investment, Taiwan's imports continued to maintain a rapid growth momentum that was higher than for exports, reaching 11 percent. Imports had a value of approximately \$86 billion. After offsetting imports against exports, Taiwan showed a favorable trade balance of approximately \$7 billion, another 11 percent less than the \$7.9 billion of 1993. This continued the shrinking trend in its favorable trade balance, and set the lowest record during the past 11 years. Foreign trade will decline further to 70 percent of GNP.

II. Market Structure Shifts Toward Asia

Taiwan's new foreign trade expansion is accompanied by steady changes and shifts in the market structure. Taiwan's export market, which has depended largely on developed countries such as the United States, Japan, and Europe, has begun to shift gradually to the rising developing countries and territories, particularly to the economically booming mainland of the motherland and Southeast Asia. Because of its need for technology, Taiwan continues to rely on developed countries, particularly Japan, for imports.

1. The focus of exports shifts to Asia.

The market structure of the export trade is currently undergoing change. The main reason for the new expansion in the value of exports for the year may be found in the steady maintenance of tremendous growth of Taiwan's exports to the Asia-Pacific region resulting from investment abroad by Taiwan firms. In particular, the increase in exports to the mainland have been most marked. Meanwhile, exports to Europe and the United States continue a declining trend. Exports to the EC, in particular, have fallen off because of the economic recession in West Europe. Regionally, the United States remains Taiwan's biggest export market, the value of its exports for the year continuing the same as in 1993 at around \$24 billion. Nevertheless, the percentage of Taiwan's exports to the United States has declined continuously for 11 years, namely from 49 percent of all exports in 1983 to 26 percent in 1994, a 23 percentage point drop, or an average 2 percentage point decline each year. Taiwan's exports to Hong Kong (including transshipments to the mainland) have exceeded its exports to Japan since 1990, making Hong Kong Taiwan's second largest export market. The value of Taiwan's exports to Hong Kong has risen year by year, and exports for 1994 are forecast to break the \$20 billion mark, a more than 10 percent increase. The percentage of Taiwan's exports to Hong Kong have also risen steadily. In 1994, they will reach 23 percent versus 6.5 percent in 1983, an approximately 16.5 percentage point increase, or an average annual increase of 1.5 percentage points. The European

export market has declined for three years in a row, the value of Taiwan's exports there amounting to less than \$13 billion. The percentage of Taiwan's exports to Europe has also fallen below 14 percent. Nevertheless, West Europe remains Taiwan's third largest export area. The Southeast Asia export market (including Singapore, Thailand, Malaysia, Indonesia, and the Philippines) will account for 12 percent of Taiwan's exports, surpassing Japan for the first time to become Taiwan's fourth largest export area. Meanwhile, exports to the Japan market have declined to around 10 percent, Japan retreating to fifth place. The growth and decline of Taiwan's exports to different places suggests that the Asia market is flourishing more and more, taking nearly 50 percent of China's exports. One third of this is exports to new markets on the mainland and in Southeast Asia. Meanwhile exports to the Europe and U.S. markets have tended to wane, the percentage declining to below 42 percent. This includes a 28-percent decline in the American market, which is giving way to the Asia-Pacific market. This demonstrates fully that the external thrust of Taiwan's economy has shifted from Europe and the United States to Asia and the Pacific in response to a trend toward an eastward shift of economic focus.

2. Import demand depends on the West.

Import demand from developed Western countries continues to expand. The degree of increase in exports from Europe, in particular, has been most remarkable. Among the countries from which it imports, Japan remains Taiwan's biggest import market, the value of imports for the year totaling more than \$25 billion, or more than 30 percent of the total value of Taiwan's imports. Second is the American market from which the value of imports is approximately \$19 billion, or 22 percent of total imports. Third is the European market from which the value of imports is somewhat more than \$16 billion, or nearly 20 percent of total imports. This includes 5 percent from Germany, nearly 3 percent from the UK, nearly 2 percent from France, and less than 1 percent from other countries. Southeast Asia is Taiwan's fourth largest import area, imports having a value of about \$7 billion, or 8 percent of Taiwan's total imports.

III. Major Readjustment of Commodity Structure

The tremendous readjustment of the make-up of Taiwan's foreign trade commodities stems from the steady expansion of foreign investment by Taiwan firms. Taiwan's exports have gradually gone from processed manufactures to investment goods such as plant equipment, and the production of spare parts and semi-manufactures. Imports consist mostly of agricultural and industrial raw materials.

1. Investment goods have become the driving force for exports.

The export make-up shows exports of industrial goods having a value of approximately \$90 billion in 1994, or 97 percent of the total value of Taiwan's exports. This

includes heavy chemical industry products totaling 52 percent of all exports, non-heavy chemical industry products totaling 45 percent of all exports, and exports of agricultural products and processed agricultural products having a value of approximately \$3 billion, or 3 percent of all exports. Let us look at the trend of commodity exports. Most of the five categories of commodities mentioned above are capital goods and raw and processed materials, mostly machinery and plant equipment, textiles, basic metals and metal products, plastic and rubber, and goods made from them, including shoes, hats, and umbrellas. This shows that results from the spur to trade that investment by Taiwan firms has given are gradually becoming evident.

Let us look at changes in the export commodity market. The kinds of exports to developed nations are becoming increasingly the same. Exports to the United States, for example, have gradually changed from traditional labor-intensive products such as textiles, shoes, toys, and handbags to mostly intermediate products such as automatic data processing machines, machinery parts, integrated circuits and microchips, and plant equipment. Exports to Europe consist mostly of office machines and accessories, television receivers, integrated circuits and microchips, bicycles, athletic goods, plastic goods, luggage, and knitwear. Exports to Japan consist mostly of processed foods, knitwear, and electromechanical parts. At the same time, exports to capital goods export areas are mostly means of production, including industrial raw materials and spare parts to the mainland consisting largely of man-made fiber textiles, plant equipment, electronics and electro-mechanical spare parts and components, and plastics raw materials. Staple exports to Southeast Asia consist mostly of plant equipment, industrial raw materials, chemicals, and electronic parts and components.

2. Import demand for raw production materials continues to expand.

Imports of agricultural and industrial raw materials during 1994 totaled about \$60 billion in value, or about 70 percent of the total value of Taiwan's imports. Imports of capital equipment had a value of approximately \$15 billion, or 12 percent of total imports. Clearly, imports of means of production accounted for an overwhelming majority of imports. The trend of commodity imports shows the following five major commodities in rank order: machinery and electro-plant equipment, basic metals and metal goods, chemicals, mineral ores, and transportation equipment. The commodity mix is tending gradually toward capital- and technology-intensive products. This situation reflects the international division of labor in the high-trade-index industrial sector in Taiwan, such as the machinery, electronics, and information industries, in which imports increase as exports increase. This shows that Taiwan trade continues to rely on re-export following processing of imported parts and components, thereby demonstrating that its processing industries do not have

much autonomy and that the international competitiveness of its products is limited.

Dependence on import commodity markets means mostly dependence on Western developed nations. In particular, Taiwan's need for technology from Japan shows no sign of improving. The goods that Taiwan imports from Japan are rather highly technology intensive, with the principal ones being integrated circuits and microchips, motor vehicle parts and components, high-resolution cathode-ray color television picture tubes, and shipbuilding and repair equipment. The goods that cause a substantial adverse trade balance with Japan are also mostly precision machines and key parts and components. Imports from Europe consist mostly of means of production, such as medium and small sedans, plant equipment, and integrated circuits. Imports from the United States consist mostly of farm, forest, and fishing industry products, intermediate products, and nondurable consumer goods. Imports from the mainland and Southeast Asia consist largely of agricultural and industrial raw materials and semi-manufactured goods made from them and the resale to Taiwan of manufactured goods that concerns in which Taiwan has invested have produced.

IV. Favorable Balance of Trade Situation Tending To Decline

Taiwan's favorable balance of trade situation shows a tendency toward decline as the triangular trade pattern shifts. In 1994, Taiwan's favorable balance of trade remained roughly at somewhat more than \$7 billion, the lowest point in the past 11 years. It will be about 2.9 percent of GNP, which is the lowest point during the past 14 years since 1979. This shows that Taiwan's international balance of payments is increasingly tending toward balance; the contribution of exports to economic growth is gradually decreasing. The trend of development suggests that Taiwan's foreign trade will gradually become balanced. Its adverse balance of payments with Japan and Europe will be made up out of its favorable balance from countries to which it has exported capital.

1. The favorable balance of trade comes from countries to which Taiwan has exported capital.

Taiwan's favorable balance of trade comes largely from countries to which it exports capital including the mainland, Hong Kong, and Southeast Asia. After Hong Kong (including the mainland) nosed out the United States in 1991 to become Taiwan's largest source of a favorable balance of trade, in 1994, its favorable balance of trade with this area reached a new high point of nearly \$20 billion, a nearly 20 percent increase over the \$16.7 billion of the previous year. After the United States, which had formerly been the biggest source of Taiwan's favorable balance of trade, dropped to second place in the early 1990s, in 1994 a further slide occurred in Taiwan's favorable balance of trade, which has declined to less than \$5 billion versus the \$6.8 billion of the year

before, another more than 10 percent decrease. Southeast Asia, which is a main area of investment by Taiwan firms, is presently Taiwan's third main favorable balance of trade source. Except for Indonesia and Malaysia, with which it has a slightly adverse balance of trade, it has a favorable balance of approximately \$1 billion with each of the other countries including Singapore, Thailand, and the Philippines for a total of approximately \$3 billion. Forecasts call for Southeast Asia to surpass the United States within the next several years to become Taiwan's second largest favorable balance of trade area. Other areas with which Taiwan has a favorable balance of trade include Canada and the countries and territories of eastern Europe, but the amount is limited to about a little more than \$1 billion. The above shows that Taiwan's favorable balance of trade with countries to which it exports capital is more than \$20 billion, but its favorable balance of trade with developed Western countries such as the United States is less than \$10 billion. This shows that Taiwan's main source of a favorable balance of trade has changed from the United States and Europe to the countries or territories around the Asia-Pacific region, and these are the main places in which Taiwan traders have invested.

2. The sources of an adverse trade balance are technology-importing countries.

Countries with which Taiwan has an unfavorable balance of trade are largely countries from which it imports technology, including Japan and Europe. Taiwan's adverse balance of trade with Japan stopped falling and took an upturn in 1994 as the Japanese yen rose in value. Prospects are that it will be less than \$14.5 billion for the year, which will be the first time in nine years that it has not increased, but rather decreased. Nevertheless, Taiwan's adverse balance of trade with Europe has continued to expand, reaching more than \$3 billion in 1994, which is several times the 1993 figure. Purchasing power within the island rose because of the tremendous deregulation of import markets. The value of imports increased tremendously while export growth showed an easing trend because of regional competition and exclusion. Consequently, the unfavorable balance with Europe increased steadily, jumping from fourth place in 1993 to second place in 1994 to become Taiwan's main source of an unfavorable balance after Japan. Because it is the main petroleum supply area for Taiwan, the Middle East has always been an important source of Taiwan's adverse balance of trade. Because the international market price of petroleum showed a declining trend in 1994, Taiwan's adverse balance of trade decreased, but still amounted to more than \$1 billion, including an adverse trade balance with Saudi Arabia of nearly \$1 billion. In addition, since South Korea, Brazil, Australia, and Indonesia are main suppliers of the island's agricultural and industrial raw materials, spare parts, and semi-manufactured goods, they are also a major source of Taiwan's adverse balance of trade, with Taiwan's adverse balance with each of them amounting to approximately several hundred million dollars. The

foregoing shows that since Japan, West Europe, and South Korea are main sources of the technology that Taiwan needs, Taiwan's adverse balance of trade with them will remain substantial. Moreover, since the Middle East, Australia, Brazil, and Indonesia are Taiwan's main suppliers of raw and processed materials for production, Taiwan's adverse balance of trade with them will remain at a certain level. The adverse balance of payments with the foregoing countries with which Taiwan has an unfavorable trade balance amounts to a total of more than \$20 billion, three-fifths of it with Japan, and two-fifths of it with the others.

V. Gradual Establishment of a New Model

Taiwan's economy is an island economy that cannot be self-sufficient in resources; consequently, economic development depends on the endless cycling and expansion of foreign trade. With the tremendous decline in competitiveness of Taiwan's labor-intensive products and the strong rebound of American trade protectionism since the 1980s, because of obstacles that appeared in the American market, the old triangular trade cycle has had to seek new trading partners as decentralized markets in order to provide new catalysts for the development of economic relations and trade. This new substitute market is, without doubt, the nearby, newly emerging East and Southeast Asian regions, notably the enormous mainland market that also has profound development potential. This is Taiwan's most ideal substitute trading partner.

The rapid shift in Taiwan's foreign trade in recent years clearly attests to this point. In 1994, Taiwan's exports to Hong Kong and Southeast Asia broke the \$30 billion mark, accounting for as much as 35 percent of Taiwan's exports. Meanwhile, exports to the United States remained at around \$24 billion, the percentage declining steadily to the present less than 26 percent. Forecasts call for Taiwan's exports to Hong Kong and the mainland to reach more than \$25 billion in 1995, the percentage climbing further to around 25 percent, Hong Kong and the motherland replacing the United States as Taiwan's biggest foreign sales market for the first time. Meanwhile, America's exports will fluctuate around the existing level, further declining to less than 25 percent of Taiwan's exports in a retreat to second place from the long-held first place. Taiwan's exports to Southeast Asia will also increase tremendously, exceeding exports to Europe within a very short period, with Southeast Asia becoming Taiwan's third largest sales market. Meanwhile, a marked decline trend has appeared in Europe as a major sales market for Taiwan; it has fallen from second to fourth place. This shows that the focus of Taiwan's foreign trade has turned from the United States and Europe to the Asia-Pacific region as the world's economic focus has shifted eastward, and it will gradually move toward trade within the region as the tide of economic regionalization rises.

Taiwan's foreign trade economic cycle is gradually turning into a new quadrangular trade cycle that includes

"Japanese imports, Taiwanese design, mainland processing, and American export." This quadrangular trade relationship is a future new transitional form of the "triangular trade relationship." After steady readjustment and evolution, it will become simplified as a new trade pattern of "Japanese imports, Taiwanese design, and mainland processing and sale." With the rise of the Asia-Pacific economy, and increase in regional economic cooperation, Taiwan will apply its own economic strengths and use technical cooperation with Japan to gain Japanese high technology and enterprise management experience, which is to say, it will continue to maintain a trade pattern in which it imports technical

equipment from Japan. At the same time, it will further expand investment in the mainland to make full use of the its resources and markets. It will change the current trade pattern of mainland processing and export to the United States into a trade pattern of direct local sales following mainland processing. In other words, the present "quadrilateral trade structure" will have "one link" less. Acceleration of this trade cycle will spur the establishment in East Asia of a new "triangular economic relationship." By the end of the present century, Taiwan's foreign trade will form a mutually complementary and mutually beneficial economic cycling pattern that uses Japanese technology and mainland markets.

ARATS Official on Cross-Straits Relations

OW2804100895 Beijing XINHUA in English 0950
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—There have been increasing demands for furthering relations across the Taiwan Strait since President Jiang Zemin delivered a speech on the reunification issue earlier this year, a senior official of the Association for Relations Across the Taiwan Strait (ARATS) told XINHUA today.

There has also emerged a new momentum in cross-strait exchanges in economic, trade and other fields since then, the official noted.

"ARATS has noticed and welcomed the April 8 remarks by Mr. Li Teng-hui that 'the Wang-Ku meeting opened an era of consultation for both sides of the Straits'; that 'it marked a precious historical process'; and that '(we) wish to strengthen cross-strait exchanges on the basis of our shared Chinese culture and to promote economic and trade exchanges on the basis of mutual interests and benefits'."

The official disclosed that ARATS has worked out plans and reiterated proposals aimed at furthering the cross-strait exchanges.

It calls for holding a second Wang-Ku meeting as early as possible and carrying out policy-oriented dialogue in a systematic way, the official said.

"ARATS has maintained since long ago that all major issues concerning the interests of the compatriots on both sides of the Taiwan Strait in need of bilateral co-operation can be taken as policy-oriented issues to be discussed in a broad, thorough and full manner," the official said.

"We propose that the responsible persons of ARATS and the Straits Exchanges Foundation (SEF), its Taiwan counterpart, hold preparatory consultations at the earliest possible time, and make arrangements for the timetable, venue, agenda and participants for the formal meeting," he said.

"ARATS and SEF should hold talks on economic, technical and scientific issues at the earliest possible time, thoroughly exchange views on the promotion of cross-strait exchanges in the economic, scientific, technical and agricultural fields, so as to play an effective role in enhancing the mutually complementary economic ties."

He went on, "the two bodies should jointly sponsor as early as possible a nongovernmental economic symposium participated in by responsible persons of concerned departments."

ARATS deems that since the time is ripe, there should be no more delay in direct cross-strait commercial and navigational exchanges, the official said.

"When it is authorized to do so, ARATS would like to invite, together with the SEF, experts from both sides to hold exchanges of views on the matter," he said.

ARATS proposes to the SEF to discuss issues concerning the joint inheritance and promotion of the fine tradition of Chinese culture, the enhancing of the national sentiment and brotherly affection, and contribute to the promotion of cross-strait exchanges from these aspects, since they constitute an important foundation for the peaceful reunification of the motherland, he said.

The official stressed that the consensus that "both the sides across the straits adhere to the principle of one China" reached by ARATS and SEF should continue to be maintained.

"Under the present circumstances when differences in political issues still exist between the two sides, the two nongovernmental organizations should take a pragmatic attitude in their talks on routine affairs by trying to avoid politically sensitive matters and to seek common ground while reserving differences, to do first whatever a consensus has been reached on, and to continue to discuss topics upon which views differ.

"It is suggested that the two bodies do something more substantial for protecting the rights and interests of the compatriots on both sides of the straits and constantly push forward cross-strait relations," he said.

'Red Paper' on Mainland Situation Released

OW2804083395 Taipei CHUNG-YANG JIH-PAO in Chinese 22 Apr 95 p 4

[FBIS Translated Text] In an analysis of Mainland China's situation in 1994, Huang Yao-yu, head of the Kuomintang [KMT] Central Committee Mainland Operations Department, pointed out: The Taiwan issue has become the main item on Mainland China's agenda. Ending cross-strait hostility is the preeminent task of Mainland China's Taiwan affairs work after 1995. Other foci of mainland China's Taiwan affairs work are meetings of leaders across the strait and the second Ku-Wang meeting.

Huang Yao-yu made these analyses in a "red paper" entitled, "The Comprehensive Study and Analysis of the Mainland's Situation," which the Mainland Operations Department wrote.

Huang Yao-yu pointed out: Relevant data shows that Mainland China seems to have included "settling the Taiwan issue" in its agenda long ago. Originally, Mainland China gave top priority to relations with the U.S., hoping to alleviate U.S. pressure and to settle the Taiwan issue in a roundabout way. The second item on the agenda was to stabilize the mainland and then to concentrate energy on the Taiwan issue. The third item was to straighten out relations between central authorities and localities and to eliminate inner disunity so as to

ensure no fear of disturbance in the mainland. Thus, Mainland China can resolve the Taiwan issue with skill and ease.

He added: In view of changes of the objective and subjective circumstances, especially changes in Taiwan's political scene and the great impact that the two major elections to be held in Taiwan in 1995 and 1996 may have on the mainland, Mainland China is anxious to resolve the Taiwan issue, thus placing the "Taiwan issue" high on the agenda, which is followed by "relations with the U.S.," "internal stability," and "relations between central authorities and localities."

Huang Yao-yu's analyses were as follows:

1. Ending cross-strait hostility: According to Mainland China, the prerequisite for ending hostility is to sit down and talk under the "One China" principle.

2. Establishing postal, trade, and navigational links: Mainland China maintains that the majority of the Taiwanese industrial and trade circles have reached a consensus on postal, trade, and navigational links. Therefore, it makes the best of the situation to publicize the establishment of postal, trade, and navigational links and hopes to compel Taiwan to give in by using the tactics of "promoting reunification through economic ties" and "promoting reunification through open links." This is the objective that Mainland China would like to achieve in 1995.

3. Meetings of leaders from the two sides: Mainland China responded to Taiwan's proposal on this issue in Chiang Tse-min's [Jiang Zemin] eight-point statement for the first time. However, political issues will be touched on inevitably during such meetings. Therefore, we should conduct studies, work out various feasible plans, and have sand table practice in advance so as to ensure mastery in various situations.

4. The second Ku-Wang meeting: This is Mainland China's desire in the coming year. The mainland attempts to utilize this highest nongovernmental meeting to resolve many bilateral technical, economic, and policy issues and to utilize this meeting to bring in the three political items, namely ending cross-strait hostility; establishing postal, trade, and navigational ties; and meetings of leaders from the two sides. We should be fully prepared.

Fishing Boat 'Rammed' by Mainland Patrol Boat

OW2804024195 Taipei CNA in English 0117 GMT 28 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, April 27 (CNA)—A Taiwan fishing vessel was rammed from behind by a communist Chinese military patrol boat late Tuesday [25 April] night, but no one on board the fishing vessel

was injured, a ranking official of the Tungkang Area Fishermen's Association said Thursday.

The incident occurred at some 90 nautical miles southwest of Oluanpi, which is at the southernmost tip of Taiwan, when the Hung Sheng No. 102, a Tungkang-based 78-ton vessel was heading for home late Tuesday night, said Tsai Ming-jui, president of the association.

The mainland boat sent six soldiers aboard the tuna-fishing vessel before allowing it to go, Tsai said. The ill-fated fishing boat returned to Tungkang Wednesday afternoon.

Chen Ping-chia, skipper of the fishing boat, estimated that NT\$100,000 [new Taiwan dollars] (U.S.\$3,950) in damage was done to the boat. He said he could not identify what type of vessel rammed his boat, but said its license number was 4435.

Tsai said he has forwarded news of the incident to the Straits Exchange Foundation, demanding the mainland Navy compensate Chen. The SEF is the semi-official intermediary body formed to handle private exchanges between Taiwan and Mainland China in the absence of official contacts.

Li Discusses Democratization, Reunification

OW2804031295 Taipei CNA in English 0136 GMT 28 Apr 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 27 (CNA)—President Li Teng-hui said on Thursday [27 April] that the government is committed to the notion that the supreme sovereignty lies with the people and that all government policies should be made in accordance with public opinion so that the greatest benefits to the whole nation can be achieved.

Li made the remarks during a meeting with a 20-member delegation comprised of representatives from European and North American Chinese-language media outlets. Also present were Wu Poh-hsiung, secretary-general to President Li, and Chang Hsiao-yen, chairman of the Overseas Chinese Affairs Commission.

In the one-hour meeting, Li not only stressed the government's democratization goal, but also touched on issues regarding local politics and cross-Taiwan strait relations.

Li told the delegation that the government has spared no efforts in laying down roots for a free and democratic political system in Taiwan, which he said has heralded a new era in the history of all Chinese people.

He said that although many disorders and conflicts have occurred in recent years in society, especially in legislative bodies, he strongly believes that "all that immature behavior has been only a temporary pain in the nation's pursuit of democratization."

As the ROC is still in a transitional period since the government began implementing political reforms a few years ago, more time will be needed for some people to adapt to the changes, Li noted, calling on the public to realize the true meaning of freedom and democracy through concrete deeds.

Li also said he was optimistic about the ROC's future, pointing out that the top priorities for the government include carrying out reforms in the nation's judicial, educational and administrative systems and restoring traditional cultural values.

In regard to the possibility of reunification with Mainland China, Li reiterated that no concrete timetable has been set to reach the goal, but that "it would be good timing for the two sides of the Taiwan Strait to unite again at a time when Mainland China develops itself into a free, democratic and equitable society."

Li remained reserved, however, on whether he will run in the nation's first direct presidential election, set for early next year. "I won't comment before any decisions are made by the party," he said.

Meanwhile, Chio Chao-lin, a researcher at the Academia Sinica's Institute of European and American Studies, said the United States is very concerned about the upcoming presidential election and Taiwan's future political development.

Chio, citing a recent U.S. military report on the security of the Asia-Pacific region, disclosed that the situation of Taiwan is the second-most worrisome in the region, behind North Korea, because of the instability any change in the Taiwan Government may bring.

Under such circumstances, she noted, the U.S. might think that "a government run by the Kuomintang would help maintain security in the strait," adding that the U.S., especially, has always hailed the leadership of President Li and his efforts to promote democratization.

Li Stresses Ties in Meeting With CIS Mission

OW2804111595 Taipei CNA in English 0858 GMT 28 Apr 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 28 (CNA)—The Republic of China [ROC] hopes to strengthen friendly cooperative ties with the Commonwealth of Independent States (CIS) to boost the prosperity and well-being of the two countries, President Li Teng-hui said Friday.

Li made the statement while meeting with a high-level delegation from several CIS states, which is currently on a four-day visit here.

Li extended his warm welcome to the CIS mission, saying he hopes the visit will help lay a solid foundation

for increased ROC-CIS exchanges in economic, scientific, technological, cultural, sports and other related fields in the future.

"The end of the Cold War has provided new opportunities for people in Taiwan and the CIS to develop friendships and cooperative ties," Li said, adding the arrival of the delegation marks a good start for future ROC-CIS cooperation.

Noting that many delegation members are devoted freedom and democracy advocates, Li said he admires them for their contribution to helping topple totalitarian rule in the now-defunct Soviet Union and usher in a new era of freedom and democracy in the commonwealth.

"I hope you'll take advantage of your current trip to see for yourselves Taiwan's progress in political democratization, economic development, social welfare services and pragmatic diplomacy in recent years," Li said. "I hope you'll tell your people what you have seen here after your return and we also welcome your valuable suggestions on our development projects."

Nikolay S. Stolyarov, vice chairman of the Russian State Duma Geopolicy Committee and also leader of the delegation, told President Li that all the mission members hope to learn more about Taiwan's successful political and economic development experiences through their current visit.

"We also hope our visit can help lay a framework for wide-ranging exchanges and cooperation between Taiwan and CIS member states," Stolyarov added.

The 33-member CIS delegation, composed of politicians, academics, journalists and business executives from Russia, Belarus, Armenia, Moldova and other CIS states, arrived in Taipei Wednesday for a four-day visit at the invitation of the World League for Freedom and Democracy (WLFD). Among the members was Belarus Deputy Prime Minister Mikhail V. Myasnikovich.

While here, the delegation will meet with senior ROC officials, academics, business and industry leaders for wide-ranging talks.

The CIS, created in December 1991 upon the disbanding of the Soviet Union, comprises 12 former Soviet constituent republics—Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

Minister Views Economic, Trade Ties With CIS

OW2804042495 Taipei CNA in English 0154 GMT 28 Apr 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, April 27 (CNA)—Taiwan should further cement ties with the Commonwealth of Independent States, given the CIS's rich natural resources, vast market, and well-developed

scientific technologies, Economic Affairs Minister P.K. Chiang said Thursday [27 April].

In addition to enhancing business and trade relations with members of the CIS, Taiwan should also step up sci-tech collaborations with Russia—one of the members of the CIS—to jointly produce cutting-edge products for international markets, Chiang told a group of CIS dignitaries during a luncheon reception.

Chiang said his ministry will push for the exchange of trade offices between Taiwan and the CIS, as well as encourage Taiwan businesses to invest in Russia and other CIS countries.

Taiwan and the CIS could collaborate on a complementary basis, given Taiwan's sound experience in basic industrial development plus ready capital resources, and the CIS's advanced military and scientific technology.

According to tallies from the Board of Foreign Trade (BOFT), two-way trade between the CIS and Taiwan was U.S.\$1.5 billion in 1994, up 51.7 percent from the preceding year, with Taiwan imports from the CIS totaling U.S.\$1.3 billion.

Steel and agricultural goods topped Taiwan's import list, while machinery and electronic products were the main Taiwan products shipped to the CIS.

Although bilateral exchanges between the two regions have been conducted mostly by private organizations, government understanding and agreements are vital for closer ties, Chiang said. He said that a proposed aviation accord could lead to expanded tourism and trade ties between the two sides.

The CIS dignitaries, numbering 33, are currently on a four-day visit of Taiwan. Members of the mission include Mikhail Myasnikov, vice premier of Belarus, Nikolay Stolyarov, vice chairman of the Russian state Duma geopolitics committee, and ranking officials from Armenia, Moldova, and Tajikistan.

Member countries of the CIS include Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Ministry Denies Biological Weapons Report

OW2804083595 Taipei CHUNG-YANG JIH-PAO in Chinese 27 Apr 95 p 4

[FBIS Translated Text] Yesterday evening, a Defense Ministry official solemnly denied a foreign news agency report on the Republic of China [ROC] military possessing biological weapons and resolutely stated that the ROC would never produce nuclear, biological, or chemical weapons that devastate mankind in violation of international conventions.

The high-ranking military officer pointed out: At present, our military only has tear-gas chemical weapons and it has made its stance public, as early as in the era of

President Chiang Ching-kuo, that they would never develop powerful nuclear weapons.

Minister Reiterates Support for South Africa

OW2804044595 Taipei CNA in English 0159 GMT 28 Apr 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 27 (CNA)—The Republic of China [ROC] is very willing to continue assisting the South African Government in its reconstruction program, Foreign Affairs Minister Chien Fu said Thursday [27 April].

Chien made the remarks while giving a speech at the Grand Formosa Regent Hotel in celebration of South Africa's first national day since the ANC government, led by Nelson Mandela, took over the reins of power on April 27, 1994.

During the past year, relations between the two countries have been further strengthened, giving a boost to future bilateral ties, Chien said while offering continued assistance to South Africa.

In return, Johannes Lodewikus Viljoen, South Africa's ambassador to the ROC, expressed appreciation for the help the ROC has extended to South Africa to develop its agricultural and small and medium-sized business sector. He also reiterated that bilateral cooperation must be further boosted.

Also present at the reception were Vice Premier Hsu Li-te, National Defense Minister Chiang Chung-ling, Economic Affairs Minister P.K. Chiang, and other foreign guests.

President Li Teng-hui, Vice President Li Yuan-zu, Premier Lien Chan and Chien sent congratulatory messages to Pretoria.

Government To Boost High-Tech Ties With Israel

OW2804113295 Taipei CNA in English 0922 GMT 28 Apr 95

[By C.S. Kuo and Debbie Kuo]

[FBIS Transcribed Text] Ankara, April 27 (CNA)—Taiwan and Israel tentatively agreed Thursday to strengthen scientific technology interflows and cooperation in joint development of sci-tech products, as well as joint exploration of third markets, ROC [Republic of China] Vice Economic Affairs Minister S.J. Li said Thursday.

Li, who is leading a ROC mission on a 20-day, six-country trade promotion trip in the Middle East, visited Jerusalem and Tel Aviv earlier this week and met with Israeli Vice Industry and Trade Minister Yosi Snir to exchange views on a wide range of trade and investment issues.

During the meeting, Li and Snir agreed that the ROC Ministry of Economic Affairs and the Israeli Ministry of Industry and Trade should meet each year, with the first such meeting to be held in Taipei next April.

The ROC mission also met with leading Israeli sci-tech officials and signed a post-meeting memorandum, promising to boost sci-tech exchanges and investment cooperation, according to Feng Chung-hsia, an official in charge of international cooperation at the Board of Foreign Trade.

Once the two countries establish cooperative investment relations, Feng said, Taiwan can use Israel as a gateway to other markets in the Middle East and Europe, while Israel can use Taiwan as an operations hub for expanded business in other Asian markets.

It was the first-ever encounter between officials from the ROC and Israel, pioneering a new era of cooperation in business, trade, and technology, he said.

The ROC trade promotion mission, which began on April 9, has visited Jordan, Saudi Arabia, Oman, the United Arab Emirates (UAE), Israel and Turkey. It is scheduled to conclude the trip and leave Turkey for home Saturday.

Government To Strengthen Ties With Turkey

OW2804113195 Taipei CNA in English 0916 GMT 28 Apr 95

[By C.S. Kuo and Sofia Wu]

[FBIS Transcribed Text] Ankara, April 27 (CNA)—Senior officials from the Republic of China [ROC] and Turkey Thursday pledged to do their best to help boost trade and economic cooperation between the two countries.

ROC Vice Economic Affairs Minister S.J. Li and Turkish Vice Commerce and Industry Minister Erkal Sahtiyanci [name as received] made the commitment during a half-day trade and investment seminar held here in connection with the arrival of a Taiwan trade mission headed by Li.

Speaking at the seminar, Li said two-way trade between Taiwan and Turkey has declined slightly in recent years. "I hope the downward trend can be halted immediately," Li said, adding there is still ample room for Taiwan-Turkey trade to grow.

ROC-Turkey trade totaled US\$461 million in 1994, accounting for only a marginal share of Taiwan's total foreign trade. Of the amount, Taiwan exports to Turkey were valued at US\$173 million and imports amounted to US\$288 million.

Major Taiwan exports to Turkey included machinery, synthetic fibers, electronics and auto parts, toys and plastic goods, while steel products formed the bulk of Taiwan imports from the Middle East state.

Echoing Li's call, Sahtiyanci said the Turkish Government welcomes Taiwan investment and will help businessmen from the two countries forge cooperative ties.

More than 60 Turkish commerce and industry officials and business leaders attended the seminar. Many Turkish news organizations also sent reporters to cover the event.

The 14-member ROC trade mission arrived in Ankara Wednesday on a trade promotion visit. The mission comprises senior officials from the Ministry of Economic Affairs and top executives of major state-run enterprises.

The mission had visited Jordan, Saudi Arabia, Oman, the United Arab Emirates (UAE) and Israel before coming to Turkey. The mission will end its six-country Middle East tour Saturday.

The trade promotion tour followed ROC President Li Teng-hui's groundbreaking visit to Jordan and the UAE in early April as part of his effort to boost substantive ties between Taiwan and the region.

Official Views Contract for ROCSAT-1

OW2804093995 Taipei CNA in English 0849 GMT 28 Apr 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, April 28 (CNA)—U.S.-based Lockheed-Marietta Corp. beat rival Orbit Science Inc. in an open bid Thursday [27 April] to win the contract to build a launch vehicle for Taiwan's first satellite ROCSAT-1.

The finalization of the bid is pending Ministry of Audit approval, according to Dr. Chen Shao-hsing, executive secretary of the National Space Program Office (NSPO), an agency under the National Science Council in charge of a 10-year satellite development project.

The ROCSAT-1 launching vehicle contract, worth approximately US\$17-19 million, is likely to be awarded to Lockheed-Marietta because the bid did not exceed 20 percent of the ceiling, as well as the company's strong technical score awarded by a panel of some two dozens of specialists, Chen noted.

Under the contract, Lockheed-Marietta will be required to complete construction of the launch vehicle by 1997, and installation of the system is scheduled before 1998.

The Redondo Beach, Ca.-based TRW space and electronics group was contracted to build ROCSAT-1, which costs US\$60 million.

Contracts for other key components of the satellite, including the ground control system, which was awarded to Maryland firm Allied Signal Technical Services Corp., three payload systems, and communications systems have been finalized and are being carried out smoothly.

ROCSAT-1, the first stage in a US\$510 million space program which plans to have three satellites in orbit by 2006, is scheduled to be launched in 1998.

The satellite will be used for both scientific research and communications, Chen said.

***Distressing Memory of Shimonoseki Treaty**

95CM0197B Taipei TZULI WANPAO in Chinese 14
Feb 95 p 2

[Report by K'ang I-lun (1660 0181 0243): "Shimonoseki Treaty Revives Taiwan Nationalism... Taiwan Was Sovereign and Independent From Ancient Time... New Nationalism in Taiwan Comes From the People, Not Government"]

[FBIS Translated Excerpt] The headline, "All Taiwanese Share a Common Destiny [as We] Look Back on Taiwan People Over the [Past] Hundred Years," clearly indicates how the status of Taiwan should be interpreted one hundred years after the signing of the Shimonoseki Treaty. Democratic Progress Party's [DPP] Propaganda Department Director Ch'en Fang-ming [7115 5364 2494] stated that the Shimonoseki Treaty represented the beginning of Taiwan's betrayal, and that the consciousness of Taiwan [as a geographic entity] and the sense of nationalism among Taiwan people grew after that treaty was signed.

Ch'en Fang-ming pointed out that when the Republic of China [ROC] was established, Taiwan was a Japanese colony and the fact that the ROC came to possess Taiwan was due to arrangements made by the major powers; the Cairo Declaration called for Taiwan to be returned to China, but a declaration is not a treaty and provides no legal standard to judge the question of territorial sovereignty. From the standpoint of international status, Japan only relinquished sovereignty over Taiwan, but to whom does the sovereignty of Taiwan belong has not been finally decided.

Ch'en Fang-ming emphatically noted that the Shimonoseki Treaty represented a betrayal of the Taiwan people whose fate was put at other people's disposal, and this has had great impact on the Taiwan people; the island-wide common resistance against the political authority introduced from the outside began after the treaty was signed; Taiwan people have a sense of being Taiwanese, and the seeds of Taiwanese nationalism were sown in that period. But for a long time since, the interpretation of Taiwan history was neglected time and again; Japan, the Kuomintang [KMT] and China has each interpreted for itself the meaning of the Shimonoseki Treaty, but the Taiwan people were deprived of the right to study and interpret their own history.

Ch'en Fang-ming explained that when the Chinese people were faced with no other choices, they had to give Taiwan away to preserve themselves, but after China was rescued and freed, there was no appreciation for the fact that Taiwan had suffered in China's behalf the pain of

being a colony, and Taiwan was still slighted by China for its colonial past; this is like pushing a woman into a fiery pit first before asking why she did not preserve her chastity. Ch'en Fang-ming stressed that the DPP is a political party which grows out of the democratic movement on Taiwan during the past hundred years; taking stock of the hundred years since the treaty, [the DPP] rightly emphasizes that Taiwan people have their independent views on their values, life and destiny; these ideas and concepts cannot be interfered with by politics from the outside. [passage omitted]

Have we become a new people now that Taiwan has survived one hundred years after the signing of the Shimonoseki Treaty? Chung Hsin University's Public Administration Faculty, Assistant Professor Kuan Pi-ling [4619 4310 3781] pointed out that from the perspectives of nationalism and historical status, Taiwan was sovereign and independent from ancient time and, despite its occupation [by a foreign power], was ceded by China over a hundred years ago. When Japan announced it was giving up Taiwan, that only meant that Chiang Kai-shek accepted Taiwan in behalf of the Allied forces. [passage omitted]

Kuan Pi-ling pointed out that from the standpoint of nationalism, the Taiwan people, during the latter part of Japan's occupation, were certainly identifying themselves with the Fatherland (China), but the 28 February incident in 1945-1947 and the White Terror of the 1950s have made the Taiwan people realize that their earlier expectation was illusory; internally ruled by an administration as a de facto colony, a new thinking has evolved from a community which shares the destiny of Taiwan independence, and this thinking is on much firmer ground than the [earlier] illusion. Kuan Pi-ling further analyzed the issue by pointing out that in Taiwan today two types of nationalism are in competition, Chinese nationalism which looks forward to a reunified ROC, and Taiwanese nationalism which is identified with a community which sees its destiny in terms of a sovereign Taiwan; only out of the competition of two different ideologies can different political parties come into being. The conflicts and divisions in the KMT are also the results of this contest in the shadow of nationalism.

Kuan Pi-ling also emphasized that in next year's presidential election, it will be the [Taiwanese] people on the island who represent the will of all people and who, for the first time, will consider territory and government administration as one and the same issue; and this is also an important lesson of the Shimonoseki Treaty. [passage omitted]

***Youth Surveyed on Political, Social Issues**

95CM0197A Taipei TZULI WANPAO in Chinese 16
Feb 95 p 4

[Report by P'an Chun-lin (3382 0193 3829): "Hey, Youth! Are You the Group Suffering From Malaise of 'Social Apathy?'..."]

[FBIS Translated Excerpt] The Executive Yuan's Youth Assistance Association has just released a "Survey Report on Today's Youth's Needs and Attitudes Toward Life." [passage omitted]

With respect to leisure pursuits, friendship and marriage among youth, as many as 85.1 percent of the respondents said they have no particular problems making friends with the opposite sex or getting married; the Youth Association however reserved judgment on this finding, stating that it may be due to the fact that our compatriots would probably not talk frankly with strangers on such topics. When asked how they handle questions of emotional attachment, 41.8 percent of the respondents said they would turn to close friends, colleagues or fellow students for help, 39.1 percent would resolve the questions by themselves, and only 1.6 percent would seek help from professional counseling organizations. From responses to questions in this survey, 73.8 percent of the respondents appeared to be satisfied with their life today, with the unmarried and younger respondents expressing even greater satisfaction with life.

With respect to how youth look at society and the conditions today, 11.6 percent of the respondents considered that the most serious current social problem is traffic death caused by reckless driving of young people;

other problems mentioned include breakdown of morality, violence in the [legislative] assembly, contention among [political] parties and chaos in transportation. As to which areas the respondents considered most urgently in need of improvement, the three areas mentioned were environmental pollution, transportation chaos and high cost of housing. When asked what kind of services they most hope the government to provide, one-third of the respondents gave no opinion or simply declined to respond, suggesting that the country's youth may be among the group suffering from the malaise of "social apathy," for not only would they take no initiatives to improve society, they do not even expect the government to do so.

As to how youth view the issue of cross-strait relations and the degree of their confidence in the country's future development, 38.7 percent of the respondents advocated maintaining the status quo and seeing what the situation may be like before deciding on independence or reunification, while 5 percent preferred speedy reunification and 3.7 percent wanted independence as soon as possible. More than six in 10 respondents, who are educated and serving in the military or government, expressed confidence in the country's future development. [passage omitted]

Hong Kong

Patten Gives Go Ahead for Meetings With Lu Ping

HK2804073895 Hong Kong SOUTH CHINA
MORNING POST in English 28 Apr 95 p 2

[By Fung Wai-Kong]

[FBIS Transcribed Text] Governor Chris Patten yesterday gave the green light for Hong Kong officials to meet senior Chinese official Lu Ping during his visit to the territory next month, even if he personally is snubbed by Mr Lu. In Governor's question session at the Legislative Council, Mr Patten said the Chief Secretary Anson Chan Fang On-sang had made it plain she would be happy to meet Mr Lu and introduce him to some of her senior colleagues. "We've made that proposal and I hope it will meet with a positive response because it is through those sort of contacts, whether formal or informal, that I am sure we can get a better understanding of one another," said Mr Patten. "I hope that Director Lu Ping and his colleagues will get a better understanding of what the concerns of the civil service in Hong Kong are from time to time." Mr Patten said that Mr Lu—the Director of the Hong Kong and Macao Affairs Office—had met Mrs Anson Chan's predecessor, Sir David Ford and it would be nice for a similar meeting to take place.

Mr Patten's remarks followed a comment by a top government official that the administration might be "split" if Mr Lu talked to senior officials and snubbed Mr Patten.

A government spokesman said the Governor's proposal was not a change of policy but rather an extension of an existing policy which called for closer contact between Hong Kong officials and the Chinese side. "But this is no doubt an important proposal and we hope it will meet with a positive response," the spokesman said.

Mr Patten repeated his calls to Mr Lu to meet him during his visit to the territory. Mr Lu will be visiting Hong Kong in mid-May. He said in late March that he would not meet the Governor, because Hong Kong's "ambassador" to the United States, Barrie Wiggham, had snubbed him in Washington.

Only If Anson Chan Present

HK2804062995 Hong Kong EASTERN EXPRESS in
English 28 Apr 95 p 2

[By Jimmy Cheung]

[FBIS Transcribed Text] The Governor, Chris Patten, has made it clear that policy secretaries will not be allowed to hold meetings with Lu Ping, the Director of the Hong Kong and Macao Affairs Office, unless the Chief Secretary, Anson Chan, is present. Patten told the

Legislative Council yesterday the Government has proposed to Lu that Chan would be "happy to see him with a group of her senior secretaries and colleagues so they could discuss matters of concern to the future of Hong Kong". He said Chan could meet Lu "either formally or informally" so she could introduce him to the secretaries.

Patten's remark follows concerns expressed by Chan that when Lu comes, he would choose to snub her and the Governor and seek secret meetings with the policy secretaries. Lu has since accused Chan of trying to cut civil servants from China.

Patten said he had twice made a formal invitation to Lu to meet him or Chan when he is in Hong Kong for a seminar organised by the Preliminary Working Committee. "We cannot be more courteous, more constructive, more open-handed than that," Patten said. "But regardless of whether Director Lu Ping meets me, we will want to treat him with courtesy and we will want to treat him as positively as possible," he added.

The Government spokesman, Kerry McGlynn, said the policy secretaries had been told of the Governor's proposal to Lu and were "comfortable" with it. He said he did not believe Lu would want to meet the policy secretaries secretly when there was "a good offer for him to meet them on the table". "If you thought he would want to do that, it would be quite disturbing to the public and the civil service. I don't think the Hong Kong community would go along with a 'secret meeting' and 'secret deals' anymore. This is a much more open and accountable society, where people like to see business done up front, especially regarding the civil service," McGlynn said.

Lu has made it clear he will not meet Patten when he visits Hong Kong next week.

XINHUA Official Comments on CPC Role

HK2804063095 Hong Kong EASTERN EXPRESS in
English 28 Apr 95 p 3

[By political staff]

[FBIS Transcribed Text] The Chinese Communist Party will not operate openly in Hong Kong after the 1997 handover, nor will Beijing set up any communist party apparatus in the territory, a senior Chinese official has claimed. This was the first time a Chinese official had addressed the topic of the role of the Chinese Communist Party in Hong Kong after the 1997 handover.

The deputy director of the Hong Kong-based New China News Agency (XINHUA), Zhang Junsheng, yesterday condemned as "ignorant" and "nonsense" a motion proposed by the legislator Christine Loh, calling on Beijing to reveal its communist party's organisation and activities in the territory.

Speaking at a lunch function, Zhang said Loh was being "ignorant" about China's political system and "wasting taxpayers' money" with her motion on Wednesday. "The current Legislative Council has no right to discuss anything that takes place beyond 1997. The term of the current Legislative Council will cease to function later this year. The next Legislative Council will cease to function on June 30, 1997. Isn't it a nonsense that the Legislative Council now wants to discuss something beyond July 1, 1997, and demands the Hong Kong Government to answer such a question?" asked Zhang.

"The Communist Party is a party in China, not in Hong Kong. The Chinese Communist Party is the ruling party in China as a result of historical evolution, not imposed by anybody. 'It is the policy of the Chinese government to implement the concept of 'one country, two systems'. There is no such thing in the Basic Law that allows the open establishment of any communist party organisation in Hong Kong," Zhang said.

He said Britain had not taken any concrete action to show its willingness to co-operate with China since the recent meeting between the British Foreign Secretary, Douglas Hurd and his Chinese counterpart, Qian Qichen in New York.

Zhang said recent resignations by some senior civil servants were partly due to their being "marginalised" because they had not supported the Governor's political reform bill enthusiastically.

When asked why the Government was silent on Wednesday on legislators' questions about the activities of the communist party in Hong Kong, the Governor, Chris Patten, said: "Sometimes the greatest eloquence is silence." "We have many responsibilities, my colleagues and I, which keep us occupied night and day. Those responsibilities... don't include ... responsibilities for the activities of the Communist Party of China and I think that we have quite enough to do answering questions about things for which we are responsible without branching out in the speculative and exotic way in which we are invited to do."

Editorial Supports Questions

HK2804063295 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 14

[Editorial: "No Place for Communist Secrecy"]

[FBIS Transcribed Text] Whatever else can be said about the persistent digging by the legislator Christine Loh into the activities of the Chinese Communist Party in Hong Kong, and its role in the territory after the transition in 1997, it cannot be called a McCarthyite witch-hunt.

A new world order was beaten out on the anvil of the 1980s and is still in the process of being shaped. Communism itself has been under siege since then, even in those countries which tried to forge a flourishing system

out of its ideology. China, too, has been reworking some of the doctrines adapted by Mao Zedong.

Hong Kong, on the other hand, is governed by democratic values, where all matters of public concern are discussed openly, without fear or prejudice, and where any activity which is carried out covertly tends to be regarded, not unreasonably, with a hint of suspicion. When things are perfectly legal and aboveboard why should there be a need to hide away?

It could be that Loh's motion in Legco [the Legislative Council], as her detractors claim, is merely a political stunt to win extra votes in the September elections. Fair enough, politicians have devised far more machiavellian tricks than that on the hustings before now. If Loh feels that this issue is a real vote-winner, then it must be a matter of some concern to the electorate, and therefore it is about time it was given an airing, as is appropriate in a society where all issues of public concern are debated in the public arena.

Loh's action in raising the subject in Legco is not an attempt to denounce people for their political sympathies. EASTERN EXPRESS would like to believe that she raised the issue to bring it out into the open. It is not unreasonable to ask why—in a free and liberal society where there is a place for all shades of opinion, provided they do not trespass on other people's liberties—any form of political activity should be carried out in the shadows. If, indeed, that is the case.

In less than three years from now, the sovereign power over Hong Kong will be a communist state, and it can hardly come as a surprise to anyone that the party will establish a base here. It should not need to do so in an underhand way, skulking out of sight and operating in secrecy. Where is the need, and what would be the motives? A healthy community is one where there is tolerance for all political views and leanings, again with the proviso that no party curtails the civil liberties of any of the others.

But what we must also not lose sight of is the fact that many people in Hong Kong arrived here as refugees from communism, driven from their homes by fear or persecution, and naturally the intentions of their past political adversaries is a matter of concern to them. It will not increase their feelings of safety and security if the party they fled from is lurking in the shadows on their doorstep again. Fear of this has already driven thousands of Hong Kong residents to emigrate, or to seek second passports as a safety measure. Those who remain are entitled to seek clarification about whether the party is operating unofficially in the territory, and to wonder why it should feel it necessary to do so.

There should be no place for secret operations in a Chinese Communist Party with a new image, tailored to the Open Door policy, but if that is the way they are operating in Hong Kong, then it is in the interests of all of us that questions are asked now. Legislators who call

Loh's motion "unnecessary", or consider it ill-advised because it might anger China, should ask themselves whether it is in the interests of the public to let these matters pass unremarked. Pussyfooting around, worrying that any mildly probing question will anger the new masters, is not a satisfactory policy. Governments in the free world expect to be asked awkward questions and kept on their toes. That is the nature of democracy, and for at least the next 50 years, Hong Kong remains under democratic principles.

Elsie Tu pointed out that China has historically kept its promises—why therefore should she fear that it will fail to do so over such a mild matter as Loh's motion? There is absolutely no logic in that attitude at all.

Equally, those who say there should be similar questions into the activities of the Kuomintang in the territory, are quite right. All political parties who have a base here should be recognised officially. They should come forward, register, and hang out the brass plate. Then we will know they have nothing to hide.

'Merit' in Questioning Role

HK2804063695 Hong Kong HONGKONG STANDARD
in English 28 Apr 95 p 14

[Editorial: "Loh's Motion Not Without Merit"]

[FBIS Transcribed Text] The dust has settled on Christine Loh's controversial motion that was defeated in the Legislative Council on Wednesday. But some of the questions she raised during that motion debate, and others on the general tenor of the debate, will not die down so quickly.

To those who are genuinely concerned about the future direction of politics in Hong Kong and in Hong Kong itself, these matters will remain uppermost in the minds and possibly gain greater currency and urgency as the territory approaches its date with destiny.

Ms Loh's motion was misplaced. But it was not without merit. Her motion seeking to determine whether the Chinese Communist Party will operate in Hong Kong after 1997 and what its exact status would be was addressed to the Hong Kong and British governments. That, we believe, was the essential weakness of her motion. Sino-British relations are sufficiently icy, to say the least, without Britain getting embroiled in a new controversy that would turn bilateral relations into an arctic reserve. That is what Ms Loh's motion would have done if she seriously intended the Hong Kong and British governments to do what she urged. By asking the two governments to seek clarification from China on its post-1997 intentions, she was setting the stage for a Chinese verbal onslaught on two hapless administrations. No wonder the government officials sat in the chamber like the three proverbial monkeys who saw, heard and spoke nothing.

If Ms Loh entertained genuine fears that post-1997 communist interference and even hegemonistic behaviour would undermine, if not destroy, the high degree of autonomy that Hong Kong has been promised by a treaty solemnly signed by two sovereign powers, she should have rightly addressed the question to Beijing. It is in the Chinese capital that such decisions feared by Ms Loh are taken. She is right, of course, when she expresses such concerns, for many in Hong Kong have the same concerns even if they are not always publicly aired. Given the history of the Hong Kong people and the experiences that successive generations have had to live through in politically troubled times in China, these fears cannot be lightly dismissed as spurious or politically motivated. Just as they worry that history will repeat itself to haunt them once again, we might also turn our minds to a worrying aspect that is beginning to haunt the legislature.

The kind of personal digs that legislator Chim Pui-chung made on Ms Loh, however justified he believed he was, is something that we have done without and can continue to do without. Mr Chim and others of the same mind might do well to remember that if others decide to play the same game, then they cannot and should not cry foul.

Foreign Ministry Spokesman Interviewed

OW2804094895 Beijing XINHUA in English 0933
GMT 28 Apr 95

[FBIS Transcribed Text] Beijing, April 28 (XINHUA)—Chinese Foreign Ministry Spokesman Chen Jian was interviewed by XINHUA here today on issues concerning Hong Kong.

Question: The Chinese representative of the Sino-British Joint Liaison Group told reporters that in the present circumstances the Chinese side will have to prepare for two alternatives concerning the issue of the court of final appeal in Hong Kong. What is the meaning of this statement?

Answer: On the court of final appeal, China always holds that the establishment of the court before 1997 must be in accordance with the stipulations of the Basic Law and the agreement reached between China and Britain in 1991. In the 1991 agreement, China and Britain agreed on the proportion of judges for the court of final appeal. It was also stipulated clearly that there are still a couple of problems needing further consultation so that the court set up before 1997 will be in line with the Basic Law. If the British side did not delay its efforts after this, the two sides would have enough time to discuss the rest of the problems. However, as is known to all, the British side did not forward draft regulations for the court to the Chinese side until the middle of 1994, and asserted time and again before discussions on certain important issues between China and Britain that it would legislate according to the so-called "timetable". The Chinese side, nevertheless, with great sincerity and an active attitude, still hopes to have overall consultations on important

issues involved in the establishment of the court so as to reach an agreement as soon as possible. Before this, China has suggested with reason, no unilateral actions should be taken. The British side, however, refused to make any commitment. Therefore, China has announced that if the British side unilaterally sets up the court before 1997, the court cannot be recognized after 1997. In this way, China, on the one hand, continues to meet with Britain at the expert level with a positive attitude in an attempt to solve the remaining issues; on the other hand, it has to be prepared if Britain goes against the 1991 agreement, to let the Special Administrative Region (SAR) itself establish the court of final appeal on July 1, 1997, and to have a court of its own which abides by the Basic Law when the SAR is founded.

Question: What is the general stand China takes on the issue of Hong Kong residents' right of inhabitancy, as well as the regulations on entry to the Hong Kong Special Region?

Answer: How to deal with those two issues in accordance with stipulations in the Basic Law after 1997 is a domestic affair of China. However, considering that the right of inhabitancy and other relevant issues involve the interests of the broad masses of residents of Hong Kong, experts of two sides have kept up contacts to exchange information and views.

Question: There has been a report that China will veto the nomination of high transitional officials by the Hong Kong Government in view of the "lack of details", so as to link the issue of the files of public servants with the nomination of transitional executive officials. Is this true?

Answer: It should be made clear that the chief officials for the first government of the Hong Kong Special Administrative Region will be proposed by the chief executive and appointed by the Central People's Government. This is the legal right of the chief executive and the Central People's Government as stipulated by the Basic Law. It arises from the practical need of the Chinese Government to exercise its right to appoint major officials that the British side should provide the Chinese Government with the files on high officials presently in position in the administration of Hong Kong, and this will facilitate the transition of public servants.

3d 'Incursion' by China Security Vessel Reported

HK2804055295 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 1

[By staff reporters]

[FBIS Transcribed Text] For the third time in two months, a Chinese gunboat has entered Hong Kong waters, the security branch confirmed last night. The latest armed public security boat was detected by marine police radar when it entered Mirs Bay on Wednesday [26 April]. A security branch spokesman said an explanation

was demanded from the Chinese government through the border liaison office. "If we confirm there really was a Chinese public security boat that intruded into Hong Kong waters, the Hong Kong Government will take a tough line," he said.

The third incursion comes only days after talks between the Police Commissioner, Eddie Hui, and Chen Shaoji, the head of the Guangdong provincial public security bureau, following the abduction of two Hong Kong crewmen by a Zhuhai gunboat in the territory's waters on March 18. Both sides agreed to post more border liaison officers to avoid similar incursions.

According to the marine police report of the latest incident, the gunboat ventured three to four nautical miles into Mirs Bay, near Ping Chau, on Wednesday afternoon. It reportedly made contact with a Chinese cargo vessel in the bay, after which both boats returned to Chinese waters. The police suspect that the gunboat's officers had previously boarded the cargo boat in Chinese waters to interrogate its crew. It is believed that the gunboat's officers suspected the cargo boat of smuggling frozen meat and that the officers intended to take it back to China. However, it is believed the cargo boat disobeyed the officer's orders and entered Hong Kong waters, prompting the public security boat to enter Mirs Bay to force it to return to Chinese waters.

On March 18, two Hong Kong crewmen were abducted and their vessels confiscated by a Zhuhai gunboat which ignored warnings by Hong Kong marine police. The incident escalated into a diplomatic row between Britain and China, culminating in the release of the two men earlier this month.

On March 7, the crew of a Panamanian-registered Hong Kong ship reported to marine police that they had been kidnapped by a Chinese gunboat. China has claimed that they were in Chinese waters.

Legislators will be briefed on this latest incident this morning at the security panel.

House of Commons Debates Hong Kong Transition

HK2804070795 Hong Kong SOUTH CHINA MORNING POST in English 28 Apr 95 p 1

[From Europe Editor David Wallen in London]

[FBIS Transcribed Text] British Foreign Secretary Douglas Hurd last night insisted it was possible for Beijing to agree to the establishment of the Court of Final Appeal in time for it to be working well before 1997. But Mr Hurd, opening a debate on Hong Kong in the House of Commons, appeared almost conciliatory in refusing to set a deadline for agreement, stressing instead that China was aware of the timetable required for the court to be in place.

Mr Hurd, who constantly referred to the good relations between himself and Chinese Foreign Minister Qian Qichen, whom he met in New York last week stressed the vital need for the future rule of law in Hong Kong. He emphasised the "unrivalled reputation for clean and efficient administration" of the civil service.

But, while Labour shadow foreign secretary Robin Cook said he did not wish to make the future of the territory a party political issue, he expressed surprise at the lack of initiatives towards breaking the deadlock with China. Mr Cook, who could be foreign secretary at the time of the handover if his party continues its lead in the polls, was also scathing that the Government had only chosen to introduce greater democracy in the territory in the last five of its 150 years of rule in Hong Kong. "We are in a slightly difficult position in saying that the lack of democracy which we have tolerated for 150 years will become intolerable in two years' time when China takes over," he said.

Mr Cook attacked the Government for not coming up with passports for 53 Hong Kong war widows, saying granting them the right to come to Britain after the handover would not be an immense precedent. He praised Governor Chris Patten and many elements of his constitutional reform but said it was a matter of regret that the Hong Kong Government was only bringing in press freedom provisions at the 11th-hour. Mr Cook added the lack of progress in the Joint Liaison Group was depressing. It seemed that, as time was running out, so the pace of progress was slowing down rather than speeding up, he said. Mr Cook also stressed the crucial importance of the Court of Final Appeal, saying nothing would undermine confidence more if final authority in law did not stay in Hong Kong or judges were subject to political interference.

Former prime minister Sir Edward Heath said Britain had made mistakes over the handling of the transition. He said China had not accepted the constitutional reforms and would not accept them in future.

For the Liberal Democrats, Sir David Steel warned the Hong Kong Government should not leave behind any Draconian laws which could be used against the population by China in the future.

Hurd Stresses Commitment

HK2804070495 Hong Kong HONGKONG STANDARD
in English 28 Apr 95 p 1

[By David Healy in London]

[FBIS Transcribed Text] British Foreign Secretary Douglas Hurd yesterday gave his strongest commitment yet to stand by Hong Kong in talks with China. Opening a major debate on relations with China and Hong Kong in the House of Commons, Mr Hurd told legislators: "At the heart of all we do with China is our special responsibility for the future of Hong Kong. That responsibility is among our highest foreign policy objectives. We must

do what we believe to be in the best interests of Hong Kong. We have never shrunk, and will never shrink, from that. We owe the people of the territory no less. We owe ourselves no less."

China's vice-premier Qian Qichen had spoken to him of a "gradual restoration" of Sino-British relations over Hong Kong and also more generally, he said. At the top of the Hong Kong agenda, Mr Hurd said, is the relationship with China. "The disagreement over constitutional development is, I hope, now largely behind us." There had been significant Sino-British deals, including agreements on the airport financing and military estates. "But, it's also true that there is still a great deal to be done and little time to do it," Mr Hurd said.

Opening for the opposition Labour Party, Shadow Foreign Secretary Robin Cook said: "We're not going to get right our relationship with China if we don't get our policy on Hong Kong right." But he pledged the Labour Party would seek to minimise any differences with the government over Hong Kong.

Former prime minister Sir Edward Heath, who has just returned from China and Hong Kong, urged the British government not to get into a fresh row with China over the Court of Final Appeal. "All Hong Kong people with any responsibility, particularly businessmen, now want to get on with it. They do not want another row or another explosion," he said.

Meanwhile, junior Foreign Office minister Alastair Goodlad said Hong Kong's future would increasingly lie in China's hands, and warned Beijing the territory's vibrant economy could be marred by "ignorance or neglect". In an article in the London Evening Standard which appeared just before the debate, Mr Goodlad wrote: "The goose that lays the golden eggs could ail through ignorance or neglect as much as deliberate mischief"

Hurd Notes 'Slow' Progress

LD2704205295 London PRESS ASSOCIATION in
English 1612 GMT 27 Apr 95

[By Stephen Alderman, Parliamentary Staff, PA News]

[FBIS Transcribed Excerpt] The Government can see see "no good reason" why China should dismantle democratic reforms put in place in Hong Kong in the run-up to the colony's return to Beijing rule, Foreign Secretary Douglas Hurd insisted today.

He told the Commons there was "still a great deal to be done and little time to do it" before Britain's lease runs out on June 30, 1997. But common interests and links between Britain and China "go far beyond the differences which have from time to time divided us", he declared.

Opening a debate on China and Hong Kong, Mr Hurd said: "We have come a long way and achieved a good

deal since the Sino-British Joint Declaration was signed in December 1994." On the political front, the Government successfully had put in place arrangements for developing representative government in Hong Kong which were "wholly compatible" with the Joint Declaration and China's Basic Law. "It is a pity that, after 17 rounds of talks lasting most of 1993, it was not possible in the end to reach agreement with China on those arrangements."

Mr Hurd said he was encouraged by the interest shown by all sections of the community in the final round of elections under British rule to be held on September 17. The Foreign Secretary told MPs: "I see no good reason why China should dismantle electoral arrangements which are wholly consistent with the Joint Declaration, Basic Law and other understandings between us and which clearly command the confidence of most people in Hong Kong."

In important areas of the transition, progress had been "slow or non-existent", Mr Hurd said. "When I saw Vice-Premier Qian Qichen last week I urged him to help ensure that the work of the Joint Liaison Committee was speeded up."

Mr Hurd stressed the significance for the future of the rule of law in Hong Kong of the colony's Court of Final Appeal taking over the role currently performed by the Judicial Committee of the Privy Council.

Tory former Foreign Office minister Tim Renton (Mid Sussex) intervened to say the Chinese ambassador in London had made clear at a meeting with MPs that China did not want the court established unilaterally.

Mr Hurd replied: "There is a way through. That is that we have to get to negotiate with the Chinese." China knew that time was pressing but there was time to reach agreement, he insisted.

Mr Hurd went on: "Of course, Hong Kong will continue to matter greatly to Britain even after the total transfer of sovereignty. But China has a huge and growing stake there too." Hong Kong's economy now corresponded to an "astonishing" 26 percent of China's gross domestic profit, "so we have a shared interest in successful co-operation", he said. "This will require political will on both sides."

Mr Hurd told the House: "I believe the Chinese leaders, past and future, understand increasingly the scale and complexity of the responsibilities which they will take over. We want to turn that understanding into practical, concrete steps which the community in Hong Kong is seeking."

He declared: "Together, we need—as Britain, China and Hong Kong—to build a stronger and deeper partnership for the 800 days up to the transfer of sovereignty and indeed thereafter."

Shadow foreign secretary Robin Cook said there was anxiety and unease in Hong Kong about the future. He warned there would be disappointment in the colony that the Government had offered no new initiative to break the "deadlock" in talks with China.

He insisted: "Hong Kong should be a region that fulfills the terms of the Joint Declaration in that it should enjoy a high degree of autonomy, it should have a legislature constituted by election and the rights and freedoms of the people of Hong Kong should be protected by law."

Mr Cook said the root of anxiety and unease in Hong Kong was the "distressing events" in Beijing's Tiananmen Square five years ago when demonstrations were crushed by the Chinese government.

"Nothing would go further to boost the confidence (of Hong Kong people) than for China to accede to the international covenant on civil and political rights developed by the United Nations." [passage omitted]

Governor Patten had Labour's full backing in trying to achieve open government, Mr Cook added.

He stressed the most important issue to resolve was the Court of Final Appeal. "It is crucial to Hong Kong's ability to prosper as a business based on the rule of law. Nothing would do more to undermine confidence than to suggest that final adjudication would not stay in Hong Kong or that judges in the court of final appeal would not be independent of political interference."

He urged the Government to use the remaining 800 days to ensure Britain's historic ties with Hong Kong remained in place after the Chinese takeover.

Tory former Prime Minister Sir Edward Heath, who recently visited China and Hong Kong, welcomed Mr Hurd's "quiet and conciliatory" approach. But he urged the Government to be "realistic" about the future and not to "lecture" China on matters like human rights.

"There have been mistakes over Hong Kong, to my great regret, because one of the things I agreed with Chairman Mao Zedong in 1974 was that there would be a smooth handover of Hong Kong [as received]."

Sir Edward, who was Prime Minister 1970-74, told Mr Hurd: "I hope you will be able to carry on with this reconciliation and recognise the ultimate decision does rest with China, whether we like it or not. We have been in Hong Kong as leaseholder and now we're handing it back." [passage omitted]

UK 'Refuses' To Commit on Hong Kong Court Issue

OW2704134595 Beijing XINHUA in English 1306
GMT 27 Apr 95

[FBIS Transcribed Text] Hong Kong, April 27 (XINHUA)—The British side still refuses to make a commitment of not taking unilateral actions before it reaches an

agreement with China over the issue of the Court of Final Appeal (CFA) in Hong Kong.

This was announced here today by Chen Zuo'er, representative of the Chinese team on the Sino-British Joint Liaison Group (JLG), following the conclusion of the first session of a two-day JLG experts meeting on the CFA issue.

The experts meeting, the sixth of its kind, is due to end here tomorrow.

Chen, who headed the team of the Chinese experts, said that during today's meeting the Chinese side had failed to secure a clear commitment from the British side that it would not take unilateral actions.

Prior to the meeting, the Chinese side had asked Britain to make a commitment that it would not take unilateral actions including unilaterally tabling the draft bill of the CFA to the local legislature before the two sides reached an agreement over the issue.

Chen described it as disappointing that the British side had failed to make the commitment.

According to Chen, the experts of the two sides held a business-like discussion in today's meeting and they will continue discussions tomorrow.

He said that the Chinese experts would make the best use of the time tonight in studying the documents which had not been provided by the British side until yesterday and at the end of today's meeting.

"We hope that these documents are conducive to the solution of the differences over the CFA issue," said Chen, adding that the Chinese side wished a smooth discussion tomorrow.

Beijing Team Leader Comments

OW2804122095 Beijing XINHUA in English 1139
GMT 28 Apr 95

[FBIS Transcribed Text] Hong Kong, April 28 (XINHUA)—The sixth round of talks between Chinese and British experts under the Sino-British Joint Liaison Group (JLG) over HK Court of Final Appeal [CFA] ended here today with both sides declaring that differences over the issue had been narrowed.

At a press briefing given after the two-day talks, Chen Zuo'er, representative of the Chinese team on the JLG, said that the two sides had ironed out or narrowed some differences over the CFA issue although the going was rather tough.

Nevertheless, Chen pointed out that there were still differences over some important issues which required a consensus between the two sides according to the 1991 agreement reached between China and Britain over the CFA issue, and both sides should make further efforts to this end.

He said that the Chinese side cherished the momentum of cooperation between the two side in the latest round of JLG expert talks over the CFA issue.

The Chinese experts sat late into the night Thursday, carefully studying the documents provided by the British side at the end of yesterday's talks, said Chen, adding that the documents were responses from the British side to what was discussed at the last JLG expert talks over a month ago.

Disappointed as it was, the Chinese side still made practical comments on each of the seven-point responses from the British side in today's talks, said Chen.

However, he complained that while the two sides were trying hard at the meeting place to narrow their differences over some important issues in accordance with the 1991 agreement with a view to having the Hong Kong Court of Final Appeal established before July 1, 1997, there was always a sort of voice outside the meeting place which is detrimental to the air of cooperation.

This, Chen explained, was an official voice from the British side which time and again distorted the position and views of the Chinese side on the CFA issue and even threatened to unilaterally table a CFA draft bill at the local legislature before an agreement was reached.

"This is unacceptable to us," he stressed.

It could be said without exaggeration, he said, that the concept of CFA was probably new to most Hong Kong residents and Hong Kong government officials prior to the signing of the Sino-British Joint Declaration in December 1984.

It was only after the signing of the Joint Declaration that the world learned of the Chinese Government's position that the Hong Kong Special Administrative Region (SAR) will exercise independent judicial powers and right of final appeal after July 1, 1997.

"Did Britain ever do so in Hong Kong?" Chen queried.

It was the Chinese Government that had made this very special arrangement for Hong Kong in line with the policy of "One Country, Two Systems", Chen said.

"It is rare in this world that a place or region without sovereignty can enjoy the right of final appeal. But the Chinese Government has made such an arrangement," said Chen.

Shortly after this, the British side suggested that a court of final appeal be established before July 1, 1997 in full accordance with the Basic Law in order to accumulate experience for the future Court of Final Appeal in the Hong Kong SAR after 1997, which was accepted by the Chinese side.

In September 1991, China and Britain reached agreement on the CFA issue, Chen said. The agreement covered the composition of judges sitting at the court

and a series of important issues requiring further discussions for consensus between the two sides.

Before these differences were removed, no CFA draft bill could be formed according to the 1991 agreement, Chen admonished.

He criticized the British side for making noises from time to time, sounding like a savior and the only one who took to heart Hong Kong's future and who could arrange for issues regarding Hong Kong's transition such as the CFA, the right of abode, the civil service, etc.

"Isn't it going too far to demand the Chinese side act according to its timetable?" Chen asked.

He reiterated China's commitment on the CFA issue, saying that the Chinese side will make further efforts to this end.

However, he said that it wouldn't matter very much if things not on the part of the Chinese side made it impossible for the CFA to be established in Hong Kong before July 1, 1997.

He promised that Hong Kong will have an independent and integral judicial system to the relief of the local and international community, and the legal system in Hong Kong will be fully protected after July 1, 1997 when China resumes its sovereignty over Hong Kong.

Chen hoped that the differences on the CFA issue will be further narrowed between the two sides in the next round of JLG expert talks, which will be held in the near future.

At today's press briefing, British team leader Alan Paul also expressed the hope that the momentum of progress could be maintained and a consensus over related matters reached through continuous efforts by the two sides.

Official Reassures U.S. Visitors on Legal System

HK2704150195 Beijing ZHONGGUO XINWEN SHE in English 1318 GMT 27 Apr 95

[FBIS Transcribed Text] Beijing, April 27 (CNS)—Speaking to a visiting business delegation of the American Chamber of Commerce today, Chen Zhiying, deputy director of Hong Kong and Macao Affairs Office, stressed that the economic environment and legal system of Hong Kong will basically remain unchanged after 1997, and the territory's role as an international centre for free trade and fair competition will remain the same as before. Foreign businessmen can therefore feel assured on Hong Kong investments.

On the issue of Hong Kong's Court of Final Appeal (CFA), Chen pointed out that Hong Kong has never enjoyed any right of final appeal during the past century, as the right is vested in the Privy Council in London. He added that it will not be strange if the right of final appeal is shifted to Beijing when China restores its

sovereignty over Hong Kong. But taking into consideration the different political and legal systems in Hong Kong and the mainland after 1997, Chen continued, China has ruled that the right of final appeal be rested with the Hong Kong Special Administrative Region government.

There is no precedent in the history of China, or even in the world, that a single region can enjoy the right of final appeal. This therefore clearly reveals the determination and sincerity of the Chinese government to carry out the "one country, two systems" and "Hong Kong managed by Hong Kong people" after 1997.

Back in 1991, the Chinese and British governments started talks and reached an agreement on the number of permanent and non-permanent judges of the CFA, Chen recalled. It was also agreed that talks be conducted at every stage prior to the founding of the CFA which should not be formed ex parte before mutual agreement was reached. Due to various internal factors, the British side presented to the Chinese side the CFA draft bill two years later after the talks, and also put forward the deadline for opinion from the Chinese side. In addition, Britain said it might take unilateral action.

The founding of the CFA involves many specific, complicated issues, said Chen, and I hope the British side will co-operate with us to ensure the formation of the CFA, as early as possible, in line with the Sino-British Joint Declaration and the Basic Law.

PRC Demands Oversight on Taiwan Air Deal

HK2804063495 Hong Kong EASTERN EXPRESS in English 28 Apr 95 p 2

[By Rain Ren in Beijing]

[FBIS Transcribed Text] China has demanded the right to impose its own political conditions on the air service agreement between Hong Kong and Taiwan. It is understood that China has proposed to Britain that the Sino-British Joint Liaison Group must first agree on the "one China principle", which would exclude the Taiwan government from involvement in the agreement. Under this principle, the air link between the territory and Taiwan could be extended for another five years straddling the 1997 handover. Britain so far has not responded to the proposal.

Chen Jian, the spokesman of the Ministry of Foreign Affairs, said yesterday that China would have the last say on the matter as any renewal agreement reached by Cathay and CAL must be approved by China. At the moment, the direct air service between Hong Kong and Taiwan is handled directly by Cathay Pacific Airways and China Airlines. "We think that some arrangements can be made under the principle of 'one China' for the two airlines so that their air service between Hong Kong and Taiwan can survive the 1997 handover," Chen said. "In the meantime, the JLG should come to a consensus

over the principle, based on which the two airlines can conduct their negotiations."

Chen emphasised that the discussions on contract details should be held only between the two airlines. Any official government involvement, other than that of China, should be banned in order to ensure that the Taiwan government has no role in the agreement between the two airlines.

62.5% of China Foreign Investment From Hong Kong

HK2704084795 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 27 Apr 95 p 3

[By Rachel So]

[FBIS Transcribed Text] Investment by Hong Kong companies represented 62.5 per cent of China's total foreign investment in 1994, a 20 percentage point jump from 1990, according to the Federation of Hong Kong Industries.

The federation reported that up to last June Hong Kong invested directly in 120,000 foreign-funded projects in China, accounting for almost two-thirds of total overseas investment in the country.

The cumulative investment value by Hong Kong entities reached US\$47.6 billion (HK\$371.9 billion), the report said.

Hong Kong is also one of the largest trading partners of China, accounting for 26.8 percent of China's re-exports, it added.

The federation's 1994 survey of members' investment in China revealed that most manufacturers are aware of the importance of research and development (R&D). They now consider R&D as a means to gain competitive advantage, achieve product innovation and meet customer demand rather than just a way of reducing production costs or manpower needs.

"In the past, basic research in China was confined to academic or military purposes. With the economic reforms and industrial development, the commercial value of research results has drawn the attention of some businessmen. In this respect, there should be room for Hong Kong-China collaboration," said Carson Chan, director of industry and research.

However, the report said that only a small number of R&D activities had taken place in China.

Some 83.2 percent of manufacturers had invested less than \$5 million, while 6.4 percent had invested more than \$10 million.

Gazetting of Airport Bill Delayed at PRC Request

HK2804073795 Hong Kong SOUTH CHINA MORNING POST in English 28 Apr 95 p 1

[By Chris Yeung]

[FBIS Transcribed Text] The Government last night unexpectedly announced that it has decided to defer gazetting the Airport Authority Bill scheduled for today. The deferral followed a demand from China for more time to study the wording in the bill. "The Government considers the request reasonable and has therefore decided to defer gazetting," said a government spokesman.

The bill, originally called the Airport Corporation Bill, was endorsed by the Executive Council on Tuesday. A copy of it was passed to the Chinese side the same day. A briefing paper compiled by the Economic Services Branch and a copy of the bill were given to legislators on Wednesday. According to the original timetable, the bill was to have been introduced to the Legislative Council next Wednesday. The spokesman said last night: "It remains the Government's intention to introduce the bill to the Legislative Council in May." The branch said in its paper that the amendments incorporated in the latest bill "take into account the agreements reached with the Chinese side".

A government official dismissed claims that the deferral was a sign that fresh disputes had emerged.

Macao

Wang Qiren To Replace XINHUA Head

HK2804065195 Hong Kong HONGKONG STANDARD in English 28 Apr 95 p 4

[By Harald Bruning in Macao]

[FBIS Transcribed Text] Bank of China president Wang Qiren will replace Guo Dongpo at the helm of the Macao Xinhua Bureau, according to the pro-Beijing On Mun Yat Pou (Macao Daily News) Chinese language daily. A local Xinhua spokesman told the daily that while the replacement could "not yet" officially be confirmed, neither could it be denied. The spokesman added that although the local Xinhua Bureau had still not received any "notification" of the change, if true it would amount to a "normal reshuffle".

According to the report, published yesterday, the replacement was recently decided by the Chinese central government in Beijing. No reason for the change was given by the paper, which acts as Beijing's semi-official mouthpiece in the enclave.

Mr Guo has been the local Xinhua director since May 1990. Pro-China community leaders in Macao call the change a matter of "routine". "Mr Guo, who is 58, has been in Macao for five years, which is normally the maximum period for a Chinese representative outside China so the replacement is normal," a pro-Beijing Macao publisher said.

Mr Wang has been president of the Bank of China since December 1993. He is a former vice-director of the Hong Kong and Macao Affairs Office of the Chinese State

Council. Mr Wang, 54, has at least 20 years of banking experience. The post of Bank of China president and director of the Macao Xinhua Bureau carry the rank of vice-minister. Local pro-China sources said they expected Mr Wang to remain as director of the Macao Xinhua Bureau until the enclave's transfer to China on 20 December, 1999.

[Hong Kong SOUTH CHINA MORNING POST in English on 28 April publishes on page 2 a brief report on the replacement which notes that Guo Dongpu "is said to be returning to Beijing."]

Meeting With Legal Experts From Hong Kong, PRC

OW2604155195 Beijing XINHUA in English 1427
GMT 26 Apr 95

[FBIS Transcribed Text] Macao, April 26 (XINHUA)—Legal experts from China's mainland, Hong Kong and Macao met here today to discuss inter-regional judicial cooperation between China's mainland and the two future special administrative regions(SAR).

During the two-day symposium, opened here this morning, experts from these three places would probe

into the emergence, characteristics, scope and contents of inter-regional judicial cooperation between the three places as well as principles to adopt and ways to establish such cooperative ties.

Inter-regional judicial cooperation refers to judicial cooperation between different legal and judicial systems inside a country.

Attendants pointed out that, according to the Basic Law of the Hong Kong SAR and the Basic Law of the Macao SAR, the two SARs will be established in Hong Kong and Macao in 1997 and 1999 respectively. The two SARs will enjoy a high degree of autonomy and their previous capitalist systems and way of life will remain unchanged for 50 years. The previous legal and judicial systems of Hong Kong and Macao will also remain unchanged and the two SARs will enjoy independent judicial power.

Attendants noted that with the establishment of the two SARs, a practical issue that needs to be handled is how to develop judicial relations and cooperation between China's mainland and the two SARs.

They said, sound handling and operation of such cooperative relations is of great significance to the stability of China's mainland and the two SARs.

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